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NEWS SUMMARY

GENERAL

Carter takes Israel initiative

President Carter has intervened in an attempt to halt the deterioration of U.S.-Israeli relations over the controversial issue of Palestinian autonomy.

He is to meet Ephraim Esry, Israeli Ambassador to the U.S. at the White House today and has told Robert Strauss, his new trouble-shooter on the autonomy talks, to be ready to go to the Middle East in the next two weeks.

Jewish-American leaders have been assured of continuing U.S. support for Israel, but senior officials say the Administration is still willing to co-operate with Egyptian and Arab moves for a general recognition of Palestinian rights. Back Page: Davan launches attack. Page 2

Forest fire kills campers

About 25 people are thought to have died when a forest fire swept through a camping site near the north-eastern Spanish beach resort of Cullera de Mar.

ITV blacked out

Independent television programmes were blacked out in four regions because of the technicians' pay dispute. Thames, Southern, Ulster and HTV were off the air and other ITV regions are expected to be hit during the week. Back Page

Catalonia terms

Autonomy for Catalonia has been agreed by the Spanish Government and a military commission. The terms agree terms were agreed for creating a committee to draft a constitution. Page 2

T.A. returns

The Territorial Army and Volunteer Reserve is set back its old title of the Territorial Army and the 70,000 volunteers reservists will become Territorial Army again. Page 2

Mulcahy plot

Dutch police have discovered a plot by young South Moluccans to kidnap the Dutch Prime Minister, Dries Van Agt. The authorities fear that groups of South Moluccans may be considering resorting to violence again.

Iran protest

About 200 soldiers set fire to military barracks in northern Iran in protest against the execution of a colonel and a sergeant-major. A total of six were killed, six people, during Shah's demonstrations. Iran: rumble. Independent Press. Page 3

Nuclear shutdown

The Netherlands' only commercial nuclear power station has been shut down for the second time in four months following a leak in the steam transmission system of the turbine. Page 2

LABOUR

Engineering Employers Federation has warned its 6,500 member companies that if they succeed in their union's pay and conditions claims above those agreed nationally they would be expected to resign their membership. Back Page

Briefly

Customer was brought to have died of a heart attack when four armed men seized £5,000 from a bank in Co. Wexford, Ireland.

England: drew the second Test with India at Lord's to go one up in the series. Scores: India 125 and 318; England 414 for 6 declared.

Poet Merriam Evans won the bardic crown at the Royal National Eisteddfod in Caernarfon. It was his third attempt.

Sparrow was shot as it perched in a country church because its chirping was delaying the start of a gunpowder trial.

After a difficult trial, the Sparrow, which is still leading on a £20m bid from BTR, reports a 37 per cent rise in profits for the first half, with pre-tax profits up from £2.38m to £3.29m on sales of £51.91m (£47.88m). Page 17

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | RISES | FALLS |
|--------------------------|-----------------------------|-------|
| Treas. 11/pe 03/77 | Minet Hedges 127 + 8 | |
| (115 pd) | RMC 130 + 4 | |
| Acton A 61 + 8 | Recal Electronics 429 + 7 | |
| Axon Rubber 138 + 9 | Reckitt and Colman 205 + 10 | |
| BAT's Dd 265 + 6 | Saga Holidays 160 + 6 | |
| Bowring (C.T.) 115 + 5 | Slough Estates 114 + 5 | |
| Cavindish 30 + 3 | Unilever 518 + 6 | |
| Centenary Seas. 340 + 29 | Woodhead (J.) 290 + 10 | |
| CLASP (M) 162 + 8 | Ayer Hitam 140 + 7 | |
| Diagean 124 + 7 | Charter Cons. 340 + 8 | |
| Esso 105 + 3 | De Beers Dd. 64 + 4 | |
| FMC 58 + 4 | Northern Mining 210 + 19. | |
| GEC 370 + 9 | Petaling 250 + 10 | |
| GUS A 414 + 14 | KTC | |
| Hanson Trust 118 + 4 | Cowan de Groot 78 - 8 | |
| ICI 335 + 8 | Smiley (B.) 480 - 10 | |
| Land Seas. 295 + 5 | Unitech 172 - 10 | |
| MPC 186 + 6 | Ward and Goldstone 56 - 8 | |
| MFI Furniture 160 + 6 | Lennard OH 12 - 3 | |
| Metal Box 270 + 6 | Magnor Metals 16 - 5 | |

Growth of money supply still above target range

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Money supply growth is still above the official target range as the Budget measures and the credit squeeze are taking time to curb public sector borrowing and bank lending.

But the rate of expansion has slackened slightly compared with the early summer.

These are indicated by the banking figures for mid-July published yesterday. They confirm that the banking system is now being tightly squeezed by the corset controls on the growth of their operations.

The figures were better than the City expected and prices of long-dated gilt-edged stock rose by up to 1 point.

The gilt market has been generally firm over the last week in spite of the big drop in the pound. Prices were again unaffected by a late fall in sterling of three cents to a low of \$2,2090 at one stage.

The pound later rallied to close 2.10 cents down at \$2,2180 -11 cents below its end-July level. The trade-weighted index of its value against a basket of other currencies fell by a full point to 70.5. This is 4% per cent lower than its recent high and is the lowest index close since July 10.

The banking figures see to have had little impact on sterling yesterday and the main

Editorial comment Page 14 • Tables Page 8 • Chicago futures market Page 18

• Money markets Page 20 • Lex Back Page



This is because of a whole series of intermediate influences.

Consequently sterling M3 may have risen by nearly 1 per cent in the period, the first month covered by the new 7 to 11 per cent target.

The London clearing banks yesterday reported a £760m rise in sterling advances last month.

But after adjustment for seasonal factors such as interest charges, the underlying increase may have been £100m compared with average rises of £400m to £500m in recent months.

In particular, lending to individuals may have tailed-off after the pre-

Continued on Back Page

Editorial comment Page 14 • Tables Page 8 • Chicago futures market Page 18

• Money markets Page 20 • Lex Back Page

Atkins may meet Irish Minister in New York

BY STEWART DALBY IN BELFAST AND JOHN WYLES IN NEW YORK

TALKS ABOUT Ulster between Mr. Humphrey Atkins, the Northern Ireland Secretary, and Mr. Michael O'Kennedy, the Irish Foreign Minister in the U.S., at the invitation of Governor Hugh Carey of New York looked probable last night.

In a statement to clarify the confusion left by Monday's assertion by Mr. Carey that the two Ministers had accepted his invitation to discussions in the U.S. Mr. Atkins confirmed that he was considering such a visit to talk about Ulster.

He made clear, however, that any talks would be "to try to remove the considerable degree of misunderstanding about Northern Ireland and the U.K. Government's policies which it seems to cloud the minds of some interested parties in America."

There was no question of negotiating the future of Northern Ireland at such a meeting, Mr. Atkins said. "The political future of the province is a matter for negotiation between the Government, the Parliament at Westminster, and the people of Ulster."

Mr. Carey had suggested a private meeting for Mr. Atkins to explain to Carey's colleagues the threat to peace and

brought protests from every sector of Unionist opinion. The Rev. Ian Paisley, leader of the Democratic Unionist Party, said:

"If Mr. Atkins is going to open negotiations with people outside Northern Ireland, then he is heading for trouble."

Mr. James Moloney, acting leader of the Official Unionist Party, which has five seats at Westminster, sent a cable to Mrs. Margaret Thatcher in London, asking her to intervene. Protests also came from the Rev. Robert Bradford, another Official Unionist.

The position of the Government in Dublin is not entirely clear. Mr. O'Kennedy said yesterday that he is aware of the invitation and is prepared to attend such a conference, seeing that it "could be of interest, subject to the considerations which arise."

In Dublin, it is thought that there would be no objection from the Government to Mr. O'Kennedy's attending such a meeting.

In New York there was no immediate indication from Mr. Carey whether he would issue formal invitations to a meeting that he presented at a news conference on Monday as a virtual certainty.

Continued on Back Page



Mr. Atkins: waiting for letter

Smith Brothers' profits drop

BY JAMES BARTHOLOMEW

SMITH BROTHERS, a leading building firm, yesterday announced a profits fall in the Stock Exchange has fallen dramatically. From a March high of £1.7m of equity turnover, it fell to £1.7m in July.

But a drop in volume happens nearly every summer, and the May-July volume this year was 18 per cent higher than last year.

Smith's losses since the election are due not only to the fall in share prices. The firm was long of shares after the election, expecting the market to rise after the Conservative victory. Instead, the

market fell 100 points. Since the election, volume on the Stock Exchange has fallen dramatically. From a March high of £1.7m of equity turnover, it fell to £1.7m in July.

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Continued on Back Page

CONTENTS

| | |
|--|--------|
| The Commonwealth Conference: putting the achievements in perspective ... | 14 |
| Catering workers: behind the 30-year war to improve their wages | 15 |
| Management: the healthy grass roots of Germany's labour relations | 10 |
| Ireland: nuclear options reviewed | 2 |
| | |
| American News ... | 4 |
| Appointments ... | 6 |
| Arts ... | 13 |
| Books ... | 22 |
| Commodities ... | 22 |
| Companies ... | 18 |
| Construction ... | 17 |
| Entertain. Guide ... | 23 |
| Europe ... | 18 |
| European News ... | 21 |
| Falls ... | 2 |
| FT. Actuaries ... | 24 |
| Gardening ... | 12 |
| Ind. Companie...s ... | 18, 19 |
| Leader Page ... | 14 |
| Letters ... | 15 |
| Lex ... | 16 |
| Management ... | 12 |
| Men and Matters ... | 14 |
| Mining ... | 23 |
| Today's Events ... | 15 |
| TV and Radio ... | 12 |
| UK News ... | 5, 6 |
| General ... | 2 |
| Labour ... | 1 |
| Overseas News ... | 12 |
| Overseas Review ... | 12 |
| Share Information ... | 28, 27 |
| Stock Markets: London ... | 24 |
| World Trade News ... | 4 |
| INTERIM STATEMENTS ... | 22 |
| London Wall Street ... | 22 |
| Ascension Brn ... | 29 |
| Bakers Household ... | 22 |
| Shares (Leeds) ... | 16 |
| ANNUAL STATEMENTS ... | 28 |
| Cawdor Ind. Hldgs ... | 17 |
| Crabb and Son ... | 7 |
| Davidson and Simpson ... | 18 |
| Unit Trusts ... | 25 |
| Weather ... | 26 |
| Witney Foundries ... | 19 |

For latest Share Index phone 01-246 8026

National Freight shares for sale

BY LYNTON MC LAIN

THE National Freight Corporation yesterday joined the list of state-owned industries in which shares are to be offered for sale.

Full details of the proposals, mooted in the Tories' election manifesto, will be in a new Transport Bill this autumn.

The changes are expected to be on the statute book by the middle of next year.

Mr. Norman Fowler, the Transport Minister, said in London yesterday that the object was to create the Company within the scope of the Companies Act.

It would take over the assets and liabilities of the corporation and shares would then be sold to the company's employees and to the public.

Mr. Fowler said he wanted to sell a "substantial" part of the corporation, but did not give a figure.

However, he did say that the Government had no plans to sell off any individual parts of the corporation.

EUROPEAN NEWS

MADRID NEGOTIATES SECOND DEVOLUTION HURDLE

Catalans agree to autonomy statute

BY ROBERT GRAHAM IN MADRID

THE SPANISH GOVERNMENT and the all-party commission negotiating regional autonomy for Catalonia announced agreement yesterday at the end of 20 hours of bargaining.

All political parties in Catalonia welcomed the draft, which has been modelled on the ill-fated 1932 autonomy statute.

The agreement means that Madrid has now successfully concluded the two most difficult regional autonomy statutes, following the negotiation of terms for self rule by the Basque country two weeks ago.

Tough negotiations are now ex-

pected over Galicia, the Canaries and Andalusia.

While the Basque negotiations were essentially between Madrid and a single party, the Conservative Nationalist Party, the Catalan negotiations have been more diffused. Catalonia, which comprises Barcelona and the provinces of Gerona, Lérida and Tarragona, is dominated politically by the Left.

The Government attempted to divide the Communist and Socialist parties by dealing with Sr. Jordi Pujol, the leader of the Centrist Convergencia Democrática, was an important ele-

ment in the negotiations. It was also significant that the issue—resolved early yesterday—was the question of constituency boundaries for the 135-seat Catalan Parliament.

The Government, supporting Sr. Pujol, wanted to change several boundaries. If it had succeeded, it would have weakened the Left.

As with the Basque autonomy statute, the test will be in how it works. For instance, all the Catalan parties argued hard to retain full control over language, culture and education.

New twist in Sindona affair

By Our Rome Staff



Italian reserves increase \$2.7bn

BY PAUL BETTS IN ROME

ITALY'S net official reserves increased by \$2.7bn in June over the previous month, largely as a result of the sharp rise in the price of gold.

Reserves at the end of the first half of the year totalled \$33.5bn, with the value of gold reserves increasing from \$14.8bn at the end of May to \$16.8bn at the end of June.

On balance of Italy's figures also indicate that convertible foreign exchange reserves rose from \$11.9bn to \$12.4bn during the same period. However, on a year-on-year basis there has

been a decline in the balance of payments surplus.

The surplus in June totalled £242m (£127m) compared to a surplus of £735m (£389m) during the same month last year.

On the political front, Sig. Francesco Cossiga, the new Prime Minister, assembled his Cabinet for the first time last night to nominate under-secretaries and discuss the Government's programme.

Sir Cossiga's programme is expected to concentrate particularly on immediate economic problems such as the acceleration in inflation and the energy situation.

NUCLEAR POWER DILEMMA FOR IRELAND

Making a point at Carnsore

BY STEWART DALBY IN DUBLIN

SOME TENS of thousands are expected to gather on August 17 for another anti-nuclear protest at the beautiful Carnsore Point, near Westport on Ireland's south-east coast.

There will be whole families camping out for a couple of days; a fair amount of Guinness and other Irish beers consumed, songs sung, speeches made and exhibitions of the dangers of nuclear power mounted.

Despite the festive air, the protesters are in earnest. Besides radicals and proponents of alternative lifestyles, they will undoubtedly include some leading trade unionists, scientists and members of weighty economic institutes.

This could be one of the last remaining chances to stop the Government's plan to build, at Carnsore, Ireland's first nuclear power station. The idea is for a plant of 850MW, to be commissioned by 1987-88 and costing £350m at 1977 prices.

The strength of protests last year, which besides a demonstration at Carnsore in August included copious literature on nuclear power, caused the Government to think again. Having more or less decided to go ahead with the project, Mr. Desmond O'Malley, the Minister for Industry, Energy and Commerce announced at the ruling Fianna Fail Party's annual conference last February that a public inquiry was to be set up.

This investigation still has not taken place. But following the recent rises in oil prices a number of Ministers, including Mr. Jack Lynch, the Prime Minister, have been throwing out strong hints that nuclear power may be the only answer to Ireland's energy problem.

A decision would seem necessary within the next six months or so if the commissioning date is to be met. The protesters will be anxious therefore to press home the need for a public inquiry soon.

Ireland does have a particularly acute energy problem. It takes the example of electricity supply, as the recent power



cent annual increase in electricity demand over the next decade of about 5,000 MW would be needed by 1988 and possibly 5,700 MW by 1990.

Electricity is only part of the problem though, since it accounts for just over half of energy needs it is a large part. The crux of the matter is that Ireland has little energy of its own. Unlike Britain there are limited supplies of coal. There is a small offshore gas field, but no oil. Supplies of peat are smaller than is often believed.

The Government Green Paper says that 50 per cent of Ireland's energy needs are imported. This figure could rise to 80 per cent by 1990, it adds. More pertinently in today's climate, some 75 per cent of the country's energy comes in the form of increasingly more expensive imported oil.

Consumption of energy is put at 7m tonnes of oil equivalent.

According to the Government this will rise to 18m tonnes by 1990. These estimates were made before the Organisation of Petroleum Exporting Countries price increases of this year. Allowing for further rises, this could mean that Ireland's energy bill will soar from a current £400m on an annual basis to at least £220m.

The Government would like to reduce dependence on oil to 48 per cent from 75 per cent through the use of nuclear power, coal-fired energy which could be converted to oil if an indigenous find is made, and gas-fired power.

Critics of the Government say that its projections are based on dubious assumptions. They do not accept that the economy will grow by 7 per cent a year, until 1981; and 5 per cent thereafter. In the light of the economy's sharp downturn this year, the critics may have a point.

Of course, Messrs. Lynch and O'Malley could get off the hook of nuclear opposition if oil were found. The search for oil around Ireland's shores has been going on for some 20 years.

The most encouraging find to date came last October when Phillips had a strike in the Porcupine trough in the Atlantic. The well which was in 35 block area 8, flowed at only 730 barrels a day. Given that it was struck at a depth of 1,200 feet (twice the depth of North Sea oil wells), and was some 105 miles from land, Phillips quickly claimed the find was not commercially viable.

Nevertheless, great hopes attach to BP's current drilling in 26 block, also in the Porcupine trough.

Just knowing the oil is there could mean that the Government will be able to avoid difficult decisions. It might mean the bulldozers will not have to appear at Carnsore Point. Whether it will be in the country's long-term interests not to have nuclear power remains an open question.

Both statements are more belligerent than the unions' hostile reaction last month to the Government announcement that employees would have to pay an extra 1 per cent of their wages to help bridge the health service deficit.

The sharp change in M. Bergeron's tone has to be seen in the context of his strong opposition to the Communists and the prospect of their making capital out of the increases.

The CGT is making five demands: a minimum increase of FFr 200 (£30) a month in forthcoming wage settlements, a price freeze, a special extra family allowance set at FFr 600 per child, a 1 per cent tax on large fortunes and a surtax on big companies.

Leak closes Netherlands nuclear plant

By Charles Batchelor

In Amsterdam

THE NETHERLANDS' only commercial nuclear power station has been shut down for the second time in four months after developing a leak in the steam transmission system of the turbine.

The 450MW pressurised water reactor at Borssele on the southwestern tip of the Netherlands is expected to be out of operation for about 10 days, according to the operator, the Electricity Company for the Province of Zeeland.

A leak elsewhere in the steam circuit was the reason for the two-week closure in mid-April. The plant was supplied by Kraftwerk Union.

The breakdown has occurred in a non-nuclear part of the station's operations.

Although this is the second shutdown within a few months the reliability record has been good.

The only other nuclear power station in the Netherlands is an experimental reactor of 300W at Dodewaard near Nijmegen.

The construction of three other nuclear power plants has been delayed mainly due to the Dutch reasons their need for nuclear power.

The Government appears keen to expand the use of nuclear energy. Dr. W. Tielemans, the Director-General for Energy at the Economics Ministry, said recently that plans for three 1,000MW stations will probably be put before Parliament this year.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E. N. L.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due September 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on September 1, 1979, at the principal amount thereof \$25,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

19 48 56 88

Also Outstanding Debentures of \$1,000 Each of Prefix "M"

Bearing the Following Serial Numbers:

435 502 560 653 745 842 933 1032 1133 1233 1333 1433 1533 1633 1733 1833 1933

On September 1, 1979, there will be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment of public and private debts, at the option of the holder, either 1st at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10013, or (b) subject to any laws and regulations applicable thereto and without regard to the payment, currency of payment or otherwise in the country of any of the following offices at the original office of the Debenture or the principal office of Banc Commerciale Italiana in Milan or the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgaise in Luxembourg-Ville.

Debenture surrendered for redemption should have attached all unmatured coupons appertaining thereto. On September 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, Fiscal Agent

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

EX 23 254 256 2783 4803

Another big French bank lifts base rate

By Robert Mauthner in Paris

FRANCE INTEREST rates, which have been rising sharply over the past few weeks, received another boost yesterday. The last of the three big nationalised banks, Société Générale, was matching its competitor's increase in base lending rates.

The same applies to finance. There will be a six-year transition, during which a series of powers will be transferred from Madrid. One unusual feature was a government commitment to permit a Catalan television station, controlled by Catalans.

The Government attempted to divide the Communist and Socialist parties by dealing with Sr. Jordi Pujol, the leader of the Centrist Convergencia Democática.

As with the Basque autonomy

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With the Basque autonomy

AMERICAN NEWS

WORLD TRADE NEWS

Kahn claims success of pay and price code

BY DAVID BUCHAN IN WASHINGTON

THE GOVERNMENT'S voluntary pay and price standards have so far prevented surging energy, food and house prices spilling over into the basic U.S. inflation rate. Mr. Alfred Kahn, the President's inflation adviser, asserted yesterday.

Claiming a modicum of success for the anti-inflation guidelines in the first 10 months of operation, Mr. Kahn said however that the pay and price standards would have to be made more fair in the second year from October 1.

He did not specify how this might be done, because the Council of Wage and Price Stability, which administers the Carter voluntary incomes policy, is seeking public comment from labour and business over the next month on a paper it released yesterday. The 52-page document details optional changes in the second year of the guidelines.

Justifying the Administration's decision not to publish concrete plans now, Mr. Kahn said that the Government wanted the widest possible participation in framing any changes. The guidelines had to be generally accepted to be effective, he said.

"But the delay in announcing

Hugh Routledge
Alfred Kahn . . . seeking comment

changes also reflects considerable dismay inside the Administration about its ability to control the inflation rate, which reached an annual 13.2 per cent in the first half of 1979, largely because of extraneous shocks to the price system caused by price increases by the Organisation of Petroleum Exporting Countries on oil and because of a few high wage settlements in major industrial sectors.

In addition, Mr. Kahn is one of the few top policy makers unaffected by the recent staff shake-up by President Carter. Both the U.S. Treasury and the Federal Reserve Board have just changed hands, while Mr. Charles Schulz, chairman of the council of economic advisers, and architect of the original anti-inflation policy, has been ill for some time.

However, the Council's paper indicates that the Administration intends to reward those companies and groups of workers which have complied with the pay and price standards over the past ten months by allowing them bigger increases in the second year.

Trade unions which limited their pay increases this year to 7 per cent, the Administration's norm, could get 8 per cent next

year for a compound increase of 15.5 per cent over two years, the Council suggests. The same treatment might be afforded companies in price increases.

The Council's paper clearly spelled out the administration's dilemma: "If the standard is not generally accepted, there will not be compliance. On the other hand, endorsing attempts by everyone to catch up with the recent surges in food, energy and housing prices will only guarantee accelerated inflation."

Big unions, in particular the Teamsters, truck drivers and the rubber workers, have paid special attention to the 7 per cent wage guideline in negotiations so far this year. The car workers' union has also promised to ignore the standard in current negotiations with the Detroit car companies.

No decision has been officially taken about increasing production after 1980, but as the French deal is understood to be firm and national consumption is rising faster than expected it is likely that production will be raised.

The Minister said that a 10-per-cent-a-year increase in production was "reasonable margin of fluctuation" and that this option would be maintained until 1982, the end of the present Government's term of office.

Mexico currently produces 1.6m b/d and exports about 550,000 b/d.

Crude oil exports are more than 100,000 b/d below the target set by Pemex for July and August because of production difficulties and port congestion. The Minister said he expected this problem to be ironed out by the end of the year and that Pemex would still reach its target of exporting on average 600,000 b/d during 1979.

Oil from the Mexican well is flowing out at a rate of 14,000-20,000 barrels a day. However, blow-out experts do not expect to have it plugged before October. The chances of the slick damaging a far greater length of U.S. coastline are therefore strong.

On the surface, some globules of oil have been drifting along at depths of up to 40 ft.

The Coast Guard said yesterday that this phenomenon,



Mexican oil slick hits U.S. coast

BY DAVID LASCELLES IN NEW YORK

THE WORLD'S largest oil slick, spewing from a blow-out off the Mexican coast, hit the U.S. shore yesterday, depositing small tar balls along the beaches of South Texas.

After being restrained for 24 hours by unusual easterly winds, the slick advanced again and touched the U.S. at Padre Island, a long sliver of land enclosing the Madre Lagoon. According to the U.S. Coast Guard Service, small balls of tar an inch or so across have been washed up about 35 miles north of the Rio Grande estuary which marks the border between the U.S. and Mexico.

The problem of controlling the slick has been worsened by the peculiar characteristics of the oil. Instead of floating on

which was discovered by accident by a diver from a scientific vessel, was surprising and could not yet be explained. The booms used by the pollution control vessel reach down only to a depth of 21 ft.

Ships are now trying to collect oil on the surface or to divert it to a pre-selected spot in the lagoon where it can be cleaned up. However, no plan has yet been devised to cope with the oil below the surface.

Oil from the Mexican well is flowing out at a rate of 14,000-20,000 barrels a day. However, blow-out experts do not expect to have it plugged before October. The chances of the slick damaging a far greater length of U.S. coastline are therefore strong.

The problem of controlling the slick has been worsened by the peculiar characteristics of the oil. Instead of floating on

Oil nationalisation call 'a canard'

BY JOHN WYLES IN NEW YORK

THE CALL by the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO) that nationalisation of a healthy industry might be justified if its component companies did not behave themselves is clearly intended to keep the industry under a spotlight of public criticism.

In particular, the executive council's policy statement indicated that it was worried that the oil companies might successfully thwart or weaken both the move to impose a stiff windfall profits tax and Administration plans severely to curtail Government-run projects comparable to the Tennessee Valley Authority.

The nationalisation proposal was added to the energy statement after a telephone consultation with Mr. Meany who is presiding over the three-day council meeting in his home in Washington.

Mr. Lane Kirkland, the AFL-CIO's secretary-treasurer, who is presiding over the three-day council meeting in his home in Washington.

In contrast to its European counterparts, American labour has rarely seen any virtue in public ownership and has espoused the idea only once before, in the 1960s, when many railroads seemed threatened

with bankruptcy. The AFL-CIO's suggestion that nationalisation of a healthy industry might be justified if its component companies did not behave themselves is clearly intended to keep the industry under a spotlight of public criticism.

Mr. Meany, was deliberately vague about the conditions in which the oil industry would be a suitable candidate for take-over.

He and the 35-member council endorsed the "thrust" of President Carter's energy programme, but urged several changes, including an 85 per cent windfall profits tax, instead of the 50 per cent proposed by the White House, and an expansion of the planned synthetic fuels programme to include Government-run projects comparable to the Tennessee Valley Authority.

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Bolivia chooses new president

LA PAZ — Sr. Walter Guevara Arze, the former Foreign Minister, has been elected as Bolivia's interim President, the start of a process aimed at restoring civilian democracy. Government after 10 years of military rule.

Sr. Guevara Arze, 67, will be installed today at a ceremony in the Legislative Palace. He will serve until August 8, 1980, three months after elections for a full democratic Government are scheduled to be held.

The new President will have a free hand to name his Cabinet, but will have to submit all Bills to Congress. He takes over from the military regime headed by General David Padilla, who seized power last November to speed up a promised return to constitutional rule.

The Congressional balloting became necessary under Bolivian law because none of the candidates in Presidential elections held on July 1 won the 50

per cent majority needed for direct election.

Sr. Silas Zuzo of the Left-wing Democratic Popular Unity Alliance beat Sr. Paz Estenssoro of the Nationalist Revolutionary Movement by only 1,512 votes.

Former Head of State Gen. Hugo Banzer finished a distant third. Sr. Silas Zuzo began a hunger strike three days ago to try to get Parliament to endorse his election victory.

Reuter

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Callaghan will try to defuse Labour Party power struggle

BY ELINOR GOODMAN, LOBBY STAFF

MR. JAMES CALLAGHAN, Leader of the Opposition, will use a meeting of trade unionists next week to spell out his views on what the Labour Party should be doing in an attempt to stop Left-wing proposals for radically changing the party structure being endorsed by conference this year.

Decisions already taken by Labour's National Executive mean that the annual conference could develop into one of the bloodiest struggles between Left and Right since the 1960s.

Mr. Callaghan, who has always seen himself as having a duty to unite the various wings of the movement, is clearly anxious to defuse the situation while at the same time rallying support for his campaign to stop the NEC's proposals becoming party policy and so, in his view, doing irreparable damage to the movement. His general message will be that one wing of the party should not be allowed to impose its views on the rest of the movement without proper consultation.

Big rises and an old title for military reservists

BY REGINALD DALE

BRITAIN'S 70,000 volunteer military reservists are to receive big pay rises in a major drive to strengthen the back-up they provide for the regular armed forces. The £2m annual increase in the "bounty" paid to reservists forms part of the Government's overall plans to increase the efficiency of the UK's home defences, as well as its contribution to NATO.

The main aim of the changes, announced yesterday by Mr. Francis Pym, Defence Secretary, is to encourage volunteers to sign on for longer in the reserves, the bulk of which is made up by the Territorial and Army Volunteer Reserve.

Mr. Pym said: "Although the strength of the TAVR has remained stable in recent years, this conceals the fact that the annual rate of turnover is over 30 per cent, with the result that a high proportion of volunteers would be less than fully trained if they were called out."

In a further move to improve morale, the name of the TAVR is to revert to the Territorial Army, a title abandoned in 1967.

Lord Seehom to retire as finance body chief

FINANCIAL TIMES REPORTER

LORD SEEBOHM is to retire as chairman of Finance for Industry at the end of this year. He will be succeeded by Lord Caldecote.

Lord Seehom, aged 70, is retiring because of age. Formerly a director of Barclays Bank, he will continue as a director of Gillett Brothers Discount Company, chairman of the Joseph Rowntree Memorial Trust, chairman of the London House for Disadvantaged Students and other positions.

He may remain chairman of some subsidiaries of Finance for Industry, depending on the role that Lord Caldecote may wish to play.

Lord Caldecote, aged 61, is chairman of Delta Metal Company and Legal and General Assurance Society and a director of Consolidated Gold Fields and Lloyds Bank.

Finance for Industry, owned by the clearing banks and the Bank of England, provides finance for companies through loans, equity stakes and leasing.

Its gross investments last year rose 4% per cent to £224m and its pre-tax profit from £22m to £25.3m.

Higher aviation fuel tax 'could help save energy'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

INCREASED taxes on aviation fuel could lead to fuel conservation in civil aviation, and should be considered in detail by the Government, according to the Advisory Council on Energy Conservation.

In a new study of the energy considerations in civil aviation published by the Department of Energy, the Council suggests that the Government should examine how far such tax increases could stimulate the introduction of still more fuel-efficient airliners, and how far they might act as a brake on the prospective large growth of air traffic.

The Council suggests that energy conservation should be an explicit and integral part of the Government's aircraft policy.

The guidance to the Civil Aviation Authority should accordingly include a specific requirement that the authority should have regard to energy conservation in the same way as it is required to take full account of environmental considerations.

The council says that in 1977 UK airlines used about 4m tonnes of oil, representing about 1% per cent of the oil consumption by all forms of transport and 5% per cent of total UK oil consumption.

By the year 2000 civil aviation could well be using 16m tonnes a year, about one-quarter of that used by all forms of UK transport.

It suggests that at some point non-transport uses of oil—for electricity generation, heating and industrial processes—may have to be squeezed out, probably by the price mechanism, if transport and petrochemicals are to have all the oil which

Housing allocation cash limit cut by £50m

BY MICHAEL CASSELL

THE DEPARTMENT of the Environment yesterday revised details of the revised housing capital allocations outlined in the Budget.

Mr. Michael Heseltine, the Environment Secretary, said these would eliminate previous under-spendings by local authorities but leave their housing building programmes at present levels.

Nevertheless the move means that local authority housing activity will now be at some of the lowest levels in post-war years.

Public sector housing starts this year, including those made by new towns and housing associations, are unlikely to reach more than 90,000, against 107,000 in 1978. They are expected to fall further in 1980 and 1981.

He is expected to repeat his views that there is a case for a wide-ranging review of the party structure and that no constitutional amendments should be made until that has carried out.

The new allocations form part of the planned £250m reduction in capital spending on construction planned by the Department as part of the Government's general economies programme.

The new cash limit provision has been set at £2.54bn against an original provision of £2.59bn.

The allocation means, for example, that the previous new housebuilding budget for all local authorities in Greater London will be cut from the original £995m in 1979-80 (a figure which includes the previous over-allocation) to £887m.

Mr. Heseltine confirmed yesterday that private sector improvement grants, mortgage lending for house buying and housing association activity financed by local authorities would all have their original allocations.

As he had announced after the Budget, an additional £10m is to be made available for the improvement of local authority homes.

He said yesterday that the £50m contingency sum might be distributed later in the year, but only if the developing pattern of local authorities' expenditure on housing suggested that this could be done without breaking the cash limit.

Areas to be hit by spending cuts announced after the Budget include regional water authorities (down by £55m), local authority land acquisition programmes and the purchase of private houses by councils for renting (both reduced by about £85m).

Local authorities have, in any

case, the right to roll on up to 10 per cent of their annual allocation into the next financial year and this facility would be retained.

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Halifax chief sees prices levelling off

BY ANDREW TAYLOR

THE SHARP rise in house prices over the past 18 months should now begin to level off, Mr. Albert Thayre, chief general manager of the Halifax Building Society, said yesterday.

Last month Mr. Basil Eckhard, chief executive of the Leicester Building Society, said that there were early signs that house price rises were slowing.

Mr. Thayre, however, was less optimistic about the chances of avoiding the mortgage rate rise due at the start of next year.

He said: "The way interest rates are going at the moment it seems likely we will have to raise the mortgage rate to 12½ per cent in January."

Restrictions on factory sizes revised

FINANCIAL TIMES REPORTER

The Government yesterday brought into effect its plan to allow factory buildings up to 50,000 sq ft to take place without having to obtain an industrial development certificate.

Previously, any concern seeking to put up a plant of more than 12,500 sq ft in the South-East, or more than 12,000 sq ft elsewhere, had to receive an IDC from the Department of Industry before it could go ahead.

The revised limit was

Wedgwood in \$35m loan talks

By Andrew Fisher

THE WEDGWOOD pottery group is holding talks which could result in granting a \$35m convertible loan to its leading ceramics company, Pozzi Giori.

Pozzi Giori, with a yearly turnover of some £100m, 10,000 employees, and 29 plants, is a producer of high quality porcelain and also has its own shops.

It is controlled by the SAI insurance company, part of the financial empire of Sig. Rafaello Ursini whose troubled Liquichimica chemical group is being bailed out by a consortium of Italian banks.

Wedgwood said yesterday that the loan talks had been going on for some time, and described an Italian newspaper report that an agreement was imminent as wildly premature.

Hambs Bank is acting for the British company in its negotiations with Pozzi Giori. It is believed that the \$35m loan would run for five years and be convertible into shares of the Italian company over a three year period. It would probably carry interest at 3 per cent over London interbank Eurodollar rates.

Wedgwood regards the Italian market, to which it has been exporting for more than 200 years, as an important one, though ranking behind the U.S., Canada and West Germany. The company operates in Italy through its agents in Milan.

GLC £40m homes bill

BY ANDREW TAYLOR

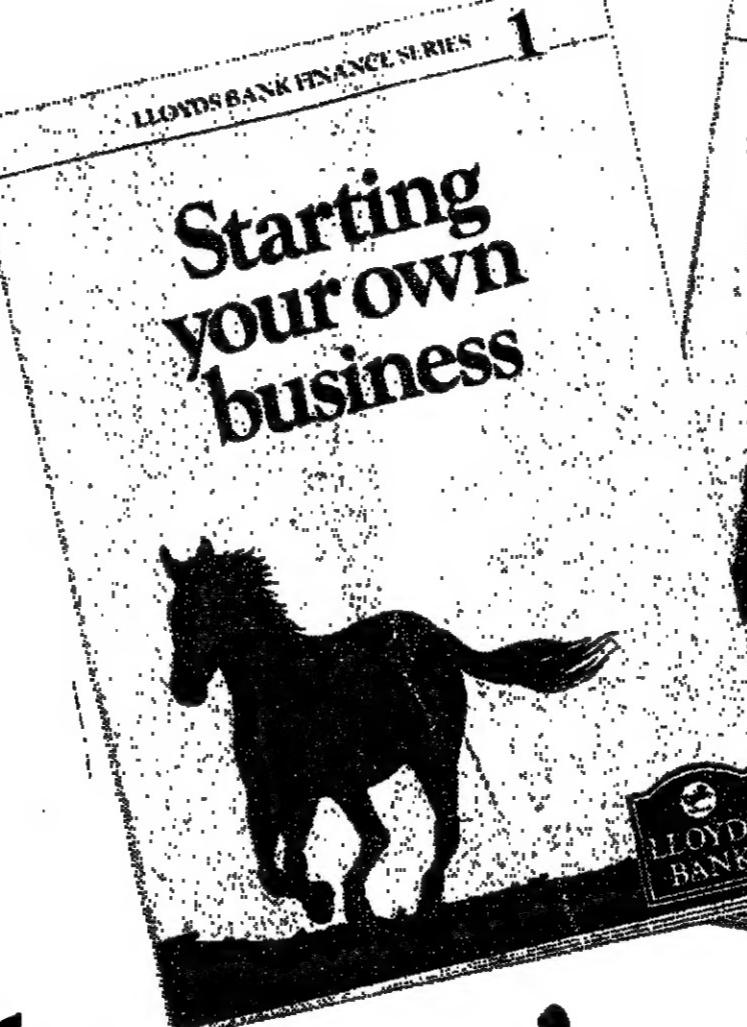
THE Greater London Council faces a repair bill of up to £40m after a High Court ruling on five overspill estates in Andover, Hampshire.

About 2,500 homes with flat roofs, handed over by the GLC to Test Valley Council 10 years ago, need substantial repairs. Windows are being replaced, pitched roofs built and some homes are having damp courses installed.

The High Court has ruled that the GLC must accept responsibility for any construction and design defects. The GLC is to appeal against the decision.

However, the issue is to go before independent arbitration, planned for next January. The GLC says it will argue that Test Valley should meet the repair bill.

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2



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Repayments would be spread over periods of up to 10 years. We tailor the period to fit in with your expansion programme, which is especially helpful if you're investing in new production capacity that may not begin to pay its way immediately.

As an added feature, if you put a proposition to us we may offer, in selected cases and at our cost, the advice of our Business Advisory Service to assist in the arrangement of the loan.

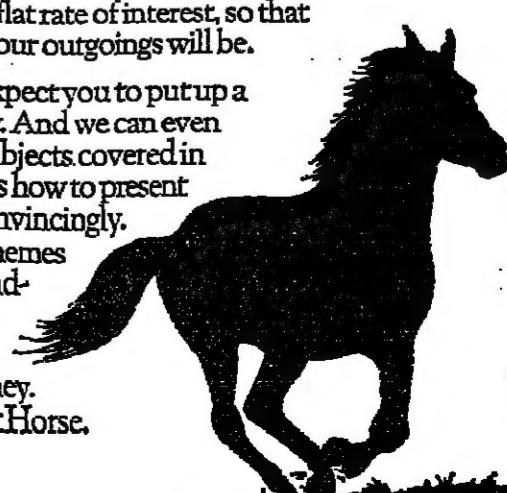
Asset Loans

This scheme is ideal for someone starting up who needs money for premises, machinery or vehicles. Loans can be provided in excess of £5,000 and up to £25,000 and may cover 100% of the cost. Repayments can be spread over 5 years, on a fixed monthly basis at a flat rate of interest, so that you know in advance exactly what your outgoings will be.

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ART GALLERIES

FINE ART SOCIETY, 142, New Bond Street, London W1. SUMMER EXHIBITION: 15th June-15th July. WORKS UNDER £500.

HAMILTONS, 13, Carlos Place, NW1. Grosvenor Square, W1. 459 9486. SUMMER EXHIBITION: 15th June-15th July. Works by Gino Olivieri, Etel and David. Decorative pictures at reasonable prices.

LEFEVRE GALLERY, 10-12, New Bond Street, London W1. Tel. 01-413 1572.

MALL GALLERIES, The Mall, SW1. PASTEL SOCIETY, 100th ANNIVERSARY EXHIBITION: 15th June-15th August. Adm. 20s.

MARLBOROUGH, 6, Albemarle St., W1. SUMMER EXHIBITION: 15th June-15th July. Works by Edward Chalon, Deshayes, Delaroche, Hervey, Jacob, Poussin, Robert, etc. and watercolours.

EXHIBITIONS

ALL ABOUT THE NATIONAL TRUST, exhibition in the Victoria Gallery, 10-22, Queen Street, London EC2. Open every weekday from 10.30 a.m. to 5 p.m. until September 2nd. Admission free.

More help for business. At the sign of the Black Horse.

LLOYDS BANK

Pension rights payments 'too high'

By Eric Short

EMPLOYEES receiving compensation for unfair dismissal are, in general, being awarded higher payments for loss of pension rights than is justifiable under normal actuarial calculations, says Harris Graham and Partners, international employee benefit consultants, in its latest newsletter to clients.

Harris Graham claims favourable treatment arises because decisions of the courts seem to be based on a lack of understanding of pensions and how they are funded. And this is creating concern among pension lawyers, actuaries and other interested professionals.

The report points out that pension rights form a major source of personal wealth in the UK. Thus it finds it surprising that so little is made in unfair dismissal cases on the loss of pension rights. Court decisions flow from one particular case—*Copson v Eversure Accessories Limited*.

The law report on this case is lengthy and complex. But the basis set out for calculating the loss of pensions is relatively simple. The overall contribution paid by the employer into his company's pension scheme is accumulated at a suitable rate of interest over the relevant period of service. This sum is then reduced to allow for the pension rights being transferred from a pension into an accelerated lump sum payment.

Harris Graham says the employer's contribution is usually put into a common pool to fund the entitlements of all employees, past, present and future. There is no direct relationship between the amount of the employer's contribution and the rights accruing to employees. It believes that it is extremely difficult to assess in practice a fair allocation of the contribution between existing employees.

The newsletter urges that a method of guidance should be evolved to help industrial tribunals evaluate lost pension rights on a sounder basis.

One such approach could be for company representatives, in defending unfair dismissal proceedings, to prepare their case on the question of pension right loss. If necessary they should guide the tribunals towards a better understanding of pensions.

Manchester dry docks to close

BY RYHS DAVID, NORTHERN CORRESPONDENT

THE MANCHESTER Dry Dock Company and two associated concerns, Container Workshops and Morrell Mills, have been placed in voluntary liquidation by the parent company, Manchester Liners. They will close on Friday and nearly 450 jobs will be lost.

The closure was announced yesterday by the liquidator, Mr. Robin Stewart, of chartered accountants Deloitte Haskins and Sells. Last year the three companies made losses of £300,000 and accumulated losses over the past four years were more than £1m.

The dry docks lost £163,000 last year. The companies have been seriously affected by the world shipping recession which has reduced the number of vessels using the Manchester Ship

Canal and the demand for repairs.

The former chairman of Manchester Dry Docks, Mr. Douglas Paybody, who was appointed by Manchester Liners 21 years ago to try to pull the three companies around, yesterday criticised the price-cutting policies of British Shipbuilders.

He said that although the company had been able to find business it had been forced to quote 1978 prices while paying 1978 wages. Losses could have been reduced with more flexible working arrangements but it had proved impossible to negotiate these with the trade unions, Mr. Paybody maintained.

Mr. Stewart said yesterday that he would be trying to find a buyer for the companies' future as a port could be threatened.

Trade union officials have reacted strongly to the closure. They allege that without dry dock facilities Manchester's future as a port could be threatened.

A creditors' meeting is due to be held on August 30. The principal creditors are Manchester Liners and the big banks.

This is denied, however, by port officials who point out that other facilities are available nearby on the Mersey and that not all ports have associated ship repairing.

Purchasers were also being sought for Container Workshops, which repairs containers and for Morrell Mills, which provides engineering services.

Mr. Stewart said he would discuss the closure with Department of Industry officials. But it is thought extremely unlikely that any form of government assistance will be available for the company.

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UK NEWS — LABOUR

Support for Times formula

By NICK GARNETT, LABOUR STAFF

THE EXECUTIVE council of the National Society of Operative Printers, Graphical and Media Personnel decided yesterday to recommend to its members at Times Newspaper the return-to-work formula agreed between management and print trade leaders.

Re-publication of the Times, Sunday Times and supplements on the basis of the formula was put in doubt after the formula's rejection last week by chapel (office branch) leaders of NATSOPA.

However, the union's executive council decided not to attempt to renew talks with management on the basis of revised proposals being sought.

The executive decision may be seen as assisting the management in its attempts to republish the titles, which have been off the streets for eight months.

The executive decision may have been accepted by the executive council.

The 600 members of the National Graphical Association who lost their jobs after publication was suspended have accepted the return-to-work formula.

Civil servants to see Howe

By GARETH GRIFFITHS, LABOUR STAFF

SIR GEOFFREY HOWE, Chancellor of the Exchequer, is to tell Civil Service Unions today the implications of staff cuts that the Government is considering.

The options are for cuts of 10, 15 or 20 per cent in Government departments.

Sir Geoffrey is to meet the Inland Revenue section of the Treasury in the morning and the Customs and Excise section in the afternoon.

The Treasury denies that the meetings are a response to the forthcoming go-slow by 8,000 customs staff, members of the Society of Civil and Public Servants (SCPS) and the Civil and Public Services Association.

Sir Geoffrey of their arguments over revenue loss and the "moral implications" of drug smuggling.

The Customs-service unions are taking their fortnight work-to-rule in protest against a 3 per cent cut in staffing levels that has cost 1,800 jobs. They say that if the Government introduces a 20 per cent cut by April, 1982, 6,000 jobs out of the 28,000 in the Customs service would be lost.

The work-to-rule had little effect yesterday on flights from UK airports. Most airlines said that they expected few delays during the week, although the situation might worsen at the weekend.

The unions will seek to con-

Tailors criticise equity plans

By OUR LABOUR STAFF

THE Equal Opportunities Commission's proposals on health and safety at work regulations have been strongly criticised by the 120,000-strong National Union of Tailors and Garment Workers, which has 90 per cent female membership.

Mr. Alex Smith, general secretary, writing in the union's journal, said the Commission had paid "insufficient regard to the dual role of most working women. Its proposals to lift restrictions on working hours would lead to exploitation."

The Commission spent three years studying the effects of women's work and reported earlier this year. It said that restrictions on the hours women may work

and limiting their opportunity to work on shifts inhibit equal employment opportunity. The Health and Safety Executive is considering the proposals.

The union fears that, if the regulations are altered, some companies would introduce shift work on a greater scale into the clothing industry.

Mr. Smith said the commission's proposals could turn back the tide of social progress and, instead, it should have urged an extension of the protective legislation to cover men. The commission had ignored the historical reasons for low pay among women.

He wants the TUC to oppose the recommendations, and the

Pilkington faces more disruption

By Our Labour Staff

NATIONAL OFFICIALS and shop stewards of the General and Municipal Workers' Union are meeting tomorrow to discuss possible industrial action against the Pilkington glass company.

This follows yesterday's one-day strike, which halted production.

The union, which represents 8,000 process workers, at Pilkington, is almost certain to decide on further action. This may take the form of an overtime ban or a policy of no co-operation, although the possibility of further strikes will be discussed.

The union has already warned the company that it faces further disruption unless management improves its pay offer. A deal worth 15 per cent has been offered. This incorporates basic rate rise of about 11.5 to 13 per cent, which the workforce has found unacceptable.

The commission yesterday welcomed the comments but said that it had spent a lot of time on research into the regulations and what women thought about them. The investigation had shown many women were not conforming with regulations on night and shift work and the commission had proposed a code of practice to cover both men and women.

The AUEW has been holding extensive amalgamation talks with the sheetmetal workers, among other unions.

POWER WORKERS' national shop stewards criticised Mr. George Guy, general secretary of the Sheetmetal Workers' Union, as one of its four nominees for seats on the TUC General Council. He is already a member of the council.

The power workers had rejected two previous offers in national ballots. On Friday, their national officers accepted the latest Electricity Council offer without consulting them.

مكتبة الأحوال

ADVERTISEMENT

OUTSIDE
HOUSE PAINTING
NOW
ELIMINATED

Another benefit of modern technology is available to the home owner. An exterior wall coating so tough and durable that it is guaranteed to eliminate exterior house painting for 15 years. This remarkable development is Kenitex Textured Coatings.

Developed during the last war, in the U.S.A., and now manufactured in 34 countries, there are over six million Kenitex applications on homes, as well as commercial and industrial buildings throughout the world. In the UK thousands of applications remain in perfect condition after more than 19 years' exposure in all weather conditions.

Kenitex weatherproofs and decorates. It is applied in one quick spray application without inconvenience, up to 20 times thicker than ordinary paint. Kenitex seals holes and cracks and hides building defects, yet does not conceal the original architectural lines.

Shot from a gun

Kenitex is factory guaranteed for 15 years against chipping, flaking and peeling. It is extremely flexible and withstands all normal building expansion and contraction.

Actually shot from a gun, Kenitex fuses to the building walls. It is available in a

variety of beautiful modern colours. Kenitex performance is backed by Agreement Certificate 79/601. The cost is surprisingly low. Obtain free information by phoning 01-570 4605 (24 hrs.) or writing to Kenitex Chemicals (UK) Ltd, Dept. F, Freepost, Hounslow TW4 5BR (no stamp needed). Qualified contractors throughout the UK are prepared to quote without obligation and home improvement loans are available. A limited number of dealerships are open for enterprise sales and application of Kenitex throughout the United Kingdom.

Defence workers accept 22-30%

By NICK GARNETT, LABOUR STAFF

UNION NEGOTIATORS representing 168,000 industrial civil servants yesterday accepted a new operating agreement.

Almost all members of the Society of Graphical and Allied Trades had by late yesterday accepted the return-to-work formula.

Under the formula, reinstatement of dismissed employees would take place from the first Monday after the agreement had been accepted by all unions. The newspapers would then be republished within four weeks and the supplements within six.

The unions have not secured their full claim for a four-week holiday but have achieved some improvements with 17½ days, excluding "privileged" days as the standard holiday entitlement.

There are also increases in special efficiency scheme payments, improvements in allowances, and the payment of average earnings, rather than basic rates during holidays.

About 75 per cent of industrial civil servants work for the Ministry of Defence, carrying out a large range of duties from operating lifts to weapon handling.

Engine testers' strike threatens Perkins plant

THE PERKINS Diesel Engine Company at Peterborough is to lay off 6,500 men because of a strike by 400 engine testers who are refusing to operate £2m-worth of new equipment until they get more pay.

They walked out yesterday after a breakdown in the latest round of negotiations which have been going on for about two years.

The lay-offs will start today and the plant is expected to be idle by the end of the week. It will be the second production stoppage this year.

In April, the plant closed for five days with an estimated loss of £10m because of a strike by 7,000 workers over a pay parity claim.

MENACE,
MYTH OR
MAGIC
FORMULA?

see page 11

Chubb investment in the 70's. Your best guide to protection in the 80's.

The following is extracted from the Chairman's Review:

"For the first time Group turnover exceeded £200 million, increasing 8.7% over the previous year. Profit before tax increased by 12.8% over the same period. Certainly over the post-war period it is hard to think of a more difficult year both at home and abroad for businesses such as ours..."

"Much has been said about the electronic revolution and its impact on British Industry. Your Board sees this as an opportunity to be grasped in the various types of security we provide for our customers, and, as was anticipated at the time of the Rights Issue during the year, the level of development expenditure in this area has been stepped up. It is our policy to write off the cost of development as incurred in the year, and this point needs to be borne in mind in assessing the figures shown in the analysis of operations..."

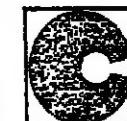
"It is a matter of astonishment to me that Chairmen of companies seem to be expected to give

a forecast of the future when there are so many imponderables on the political and economic scene. This dilemma is even more apparent in relation to an international group of companies. One thing is certain, there will be an increase in the need for security against both crime and fire, and your Company is well poised to shield its customers from these dangers with corresponding benefit to our shareholders."

H. A. Fletcher
Chairman, 27th June 1979

Statement of Group Profit
for the year ended
31 March 1979.

| | 1978 £000 | 1979 £000 |
|---------------------------------|-----------|-----------|
| Group Turnover | 193,254 | 216,614 |
| Group Profit before Taxation | 15,523 | 15,255 |
| Group Profit after Taxation | 9,142 | 11,419 |
| Attributable to Chubb & Son Ltd | 8,668 | 11,014 |
| Dividends | 1,908 | 5,288 |
| Earnings per ordinary share | 17.04p | 19.38p |



Chubb & Son Limited

14-22 Tottenham Street, London W1P 0AA.

Technical Page

Edited by ARTHUR BENNETT and TED SCHOUTERS

METALWORKING



ENERGY

Going their own way in the U.S.

ALTHOUGH SEVERAL European groups are active on the U.S. market, selling their developed versions of fluidised bed furnaces for the use of high-grade fuels with minimal pollution, Electric Power Research Institute in the U.S. has decided to continue to support GE (USA) with a \$1.1 million three-year grant for further investigations into this exceptionally efficient system of extracting most of the heat in the fuel fed into it.

Under the EPRI contract, research staff at the GE Research and Development Centre, Schenectady, New York, have completed the construction of a small experimental facility that will allow them to test new ideas, including churning the bed at higher speeds to seek the best diameter of coal particles, the best ratio of coal to limestone and to design better layouts for the boiler tubes collecting heat from the bed.

As part of an earlier EPRI contract, engineers found evidence that optimum coal combustion could be achieved if the air velocity through the bed were raised from the almost standard 3 metres/sec. to between 4 and 10 metres/sec. When this is done, the bed becomes a flowing rather than a bubbling system and tends to provide a more even heat yield. This could make it easier to follow the load demand.

It is intended to look at the effects of increasing bed density by raising the size of the coal and limestone particles. Most existing systems take granules of less than 1 in. in diameter.

The GE plant will handle nodules up to six times this size.

Another goal will be to determine the best mix of coal with granulated limestone to achieve optimum sulphur removal, depending on the fuels used.

Boiler tube design will be examined to determine whether finned tubes will draw more heat from the bed than the generally used smooth tubes.

Effects of corrosion and erosion inside the bed and the choice of materials appropriate to withstand these at the lowest possible cost will be a further topic.

At the same time, recovery of unused coal and limestone particles will be studied.

Final conclusions of the study will be presented in the "early 1980s," GE says. After that, EPRI plans to design its own full-scale fluidised bed power plant.

DATA PROCESSING

Will manage property

MANDATA is the name of a designed-by-Computer Management Group in conjunction with Bernard Thorpe and Partners, estate agents, to deal with the accounting and administration of large property portfolios.

It will be available as a complete service operated by CMG and run on a confidential basis on its own computers, or it can be purchased outright to run on other computers.

From simple input of client's property and tenant details, receipts, supplies details and invoices, MANDATA will handle purchase ledger, producing cheques to suppliers, remittance advices, supplier lists and an analysis of payments.

Contact 14 Tothill Street, London SW1 (01-222 3521).

SAFETY

Outdoor electrical plant

JUST ISSUED by the International Electrotechnical Commission is a new standard entitled "Electrical installations for outdoor sites under heavy conditions (including open cast mines and quarries). Part 2: General protection requirements."

The standard is in three parts. The first covers protection against direct contact with live parts and deals separately with voltages above and below 1,000 V. It covers topics ranging from simply placing live components out of reach to the use of barriers, enclosures, and insulation.

The second chapter deals with items that could become live under fault conditions and the means of preventing such voltage surges from persisting, earth fault current limitation devices and earthing arrangements.

Final part of the standard is concerned with protection against overcurrent and fault current.

The publication costs SwFr 70 and is available from the Commission at 1 Rue de Varembé, 1211 Geneva 20, Switzerland.

Slight pressure on the arm of the trip switch shown hanging down parallel and to the left of the drill on this machine will stop the latter very quickly in an emergency.

Stops the machine

MACHINES such as radial drills in which the drilling head moves sideways over a large area and quick chuck changes are carried out are difficult to guard effectively without losing versatility.

To provide improved safety Cutler Hammer has introduced an emergency braking system which will stop the spindle rotation very quickly if the operator becomes caught up in the spindle or chuck.

The de-sy trip limit switch is attached to the quill of the machine so that it travels up and down with the spindle, and its actuating bar hangs down behind the drill chuck at about 14 inches from it. Thus the operator can still use a quick change chuck but if he becomes caught up in it his arm will strike the bar.

If this happens a contactor system operates and causes dc to be injected into the stator windings to stop the motor in fractions of a second. Once the motor has stopped the dc is disconnected and the motor can be secured at the required positions to suit the test piece.

A trip limit switch is monitored: if it fails the machine cannot start or run.

Cutler Hammer is at Elstow Road, Bedford, MK 9 LH (0234 67433).

Spring unit works fast

PRODUCTION rates of up to 70 springs per minute in coil diameters up to 12 mm and lengths of up to 90 mm are made under computer control in a machine from Japanese company Itaya and available in the UK from TI Bennett Machines, Redditch, West Midlands (0527 20211).

Instructions from the stored program determine the appropriate length of wire to be supplied while the programmed slide movements produce the required coil diameter and length.

Limits of the wire diameter are from 0.5 to 1.5 mm, although a smaller version can be supplied with an upper limit of 0.8 mm. A third version is designed to take torsion springs, with ends in the form of radial legs.

Groups to carry out the forming action on the wire. The result is a coil spring with the ends formed and the company claims it is the first universal machine to make springs with extended hooks in one operation.

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London Clearing Banks' balances

as at July 18, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

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While others were assessing the damage, we were paying for it.

On the morning of January 11th 1978, you might have been forgiven for mistaking the streets of Sheerness for Amsterdam or Venice.

After a night of near hurricane force winds and waves as high as houses, the East Kent coastline was, quite simply, blown to bits.

In the light of this thirty mile trail of devastation, it became clear to us at Commercial Union that there was only one way we could be of real help.

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On January 12th, with the storm damage barely a day old, we set up an emergency claims centre in Canterbury.

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In all, we paid out £115,000 from just one branch, to more than 400 policy holders.

So they could start rebuilding their lives, while others were still getting estimates.

We won't make a drama out of a crisis.



MANAGEMENT

The healthy grass roots of German labour relations

BY CHRISTOPHER LORENZ

THE STRAINS of the past three years notwithstanding, the relatively peaceful and productive character of West Germany's labour relations is still legendary—as is German industry's consequent ability to adapt to the unprecedented technological and economic change of the 1970s.

But the explanation most commonly put forward by foreigners—the limited number of unions, and the moderation of their leaders—is nearer myth than legend. Not that there are many unions; nor that their leaders are immoderate; far from it. But these factors represent a totally inadequate explanation for Germany's post-war industrial harmony.

The truth, as any hardened German-watcher knows, is a complex combination of many interwoven factors. They include short-term ones such as the post-war imposition of commonsense laws and institutions (not only one-industry unions); and the job security created for most employees (though not, by any means, for all the foreign "guest" workers), by sustained economic growth and the continuity of Government policy.

There is also a series of longer-term, more fundamental factors, such as the readiness of most Germans to respect authority, and the vivid memory, for older generations, of repeated economic disaster.

Crucial factor

All too seldom, however, is attention focused on one of the most crucial single factors—what, in late 1970s jargon would be seen as an example of the "small is beautiful" philosophy, though it was actually introduced 27 years ago.

In sharp contrast with practice in Britain and elsewhere, most of the negotiation between German employers and the representatives of their employees is confined by law to the workplace itself (either factory or company), through a key institution, the works council.

To quote a newly published study on the management of industrial change in Britain and West Germany, the trade unions are allotted only "a guest role" in the company itself. "Thus management has to deal with a body which draws its strength and legitimacy from the workforce who vote it into office, and

which both thinks and acts in terms of the enterprise."

This is one of the essential pre-conditions for what the study calls the system of "co-operative conflict resolution" found in many German companies: the willingness to confine the conflict, and its resolution, to the enterprise.

Sceptics may immediately object to this view, on the grounds that entire German industries—steel and engineering, to cite only the most obvious examples—have been brought to a grinding halt in recent years by centrally-organised strikes.

This does not detract from the study's argument that the main role of trade unions in German labour relations is to negotiate with employers' associations a binding framework of terms and conditions of employment. But, it emphasises, the framework then has to be filled out by negotiation at enterprise or plant level.

Some companies in Britain, even quite sizeable and unisoned ones, have managed to replicate this situation—and the consequent feeling of closer identity between employer and employee—by quietly establishing good relations with on-site shop stewards, and/or the local union branch. As a result, they have managed amicably to carry through a major rationalisation exercise, or introduction of new technology, without taking part in "adversary" style labour relations.

The report, financed and published by the Anglo-German Foundation for the Study of Industrial Society, is a model of tact in its presentation of the very different approaches taken towards industrial change in Britain and Germany by management, unions and other employee representatives.

But its tactfulness does not detract from its value as an unusual beneath-the-skin study of industrial relations in practice.

The basis of the report is seven case studies in each country of the introduction of change at plant level. In all 14 cases the change—in the form of new techniques and equipment, sometimes involving movement of production from one site to another—was aimed at cutting costs by reducing the workforce. In most of the British cases, and in all the German

ones, the changes were carried through successfully.

Especially illuminating of the general background to IR in the two countries were the very different ways in which the changes were handled by management.

Several of the British managers kept their plans secret from employees until the last moment, whereas the German works councils were generally informed at an early stage.

"Very often they knew of the project before the main company board and the supervisory board had given their official blessing," says the study. It adds that the situation was less satisfactory in those German companies where initiation and planning was carried out centrally.

In all the German cases, everyone—including the works councils—was agreed on the need for technical and organisational innovation, in order to boost productivity. The early stages of planning were dominated by considerations other than manpower policy, though this played an increasing part as the project progressed.

Their execution also presented a stark contrast. Whereas only two of the British enterprises gave undertakings not to dismiss employees, all but one of the German companies avoided redundancies: management's "central theme" was the stability of employment, and the need to avoid dismissals at all costs, says the report. On the other hand, a substantial group of German workers "found themselves" downgraded to lower-paid jobs.

Explaining the background to these practices by both sides of German industry—which evoke envy or scorn abroad, depending on whom one talks to—the authors point to a chain of cause and effect running from macro-economics right down to the workplace.

They thereby implicitly emphasise how unrealistic it can be for employers in Britain, Italy, or wherever, to attack their own trade unionists for not following the example of their German colleagues, and "acting responsibly" in almost every situation.

In simplified terms, the chain runs as follows:

Germany's economic success has created a shortage of labour, and therefore a relative high level of job security. This has made German workers confident about accepting change at the workplace. One result of this, in turn, has been the willingness of German management to reveal information about change to their employees "in advance of its implementation, and beyond the requirements of the law."

The British (or Italian) manager is obviously in a very different position, on almost every score. But will the German approach of "co-operative conflict resolution" remain resilient to the recent shift in his company, but finds that the only avenue to promotion is through general management?

It is not only in Britain that the problem of how to employ the outstanding engineering designer, who does not wish to become a "manager," has begun to cause concern. A study just completed at the Massachusetts Institute of Technology has drawn attention to the serious dilemmas that arise for engineers at mid-career.

"INCENTIVE" is now the vogue word. It generally implies a direct relationship between more post-tax income and performance at work.

But are higher salaries by themselves likely to attract more and better entrants to the engineering profession, and to improve their performance as innovators and producers?

Over the past few years there has been growing awareness that one of the failings in British industrial management has been a lack of concentration on the quality and reliability of the product, with a consequent increasing decline in world markets. This appears to be connected historically with a relatively low standard of engineering education, and with an undervaluation of the engineering function.

One of the problems recent studies have disclosed is the conflict faced by the highly qualified engineer wishing to remain in the technical stream of his company, but finds that the only avenue to promotion is through general management.

It is not only in Britain that the problem of how to employ the outstanding engineering designer, who does not wish to become a "manager," has begun to cause concern. A study just completed at the Massachusetts Institute of Technology has drawn attention to the serious dilemmas that arise for engineers at mid-career.

In low positions job and work satisfaction are generally low; but, unexpectedly, it is the technically oriented people with below average relative incomes who display most satisfaction. Jobs at this level do not seem to be meeting the needs of the ablest of those whose interests are primarily technical. Some of the respondents are not primarily involved in their work at all, but in their families or other outside interests; but that does not automatically mean that their work is poor.

The conclusions of the study lead to some implications for the management of technical personnel. These involve the realisation that it is not enough to consider employees' abilities and potential; the basic orientation of their lives must also be taken into account. An understanding of the psychological influences that shape career patterns is as important in maximising their potential service to an organisation as an accurate measure of their skills.

A company's vice-president of engineering is quoted as saying that "Engineering is a 'bad' profession. There is no pattern to the advancement of a professional as there is in architecture, medicine, law, business, brokerage, education, etc."

An assistant vice-president writes: "What a shock it is to an engineer to discover that the man who has developed leadership talents and has the ability to communicate is more probable than the one who is primarily technically oriented. Even those entering a research laboratory are faced with this

Management dilemma of mid-career engineers

BY AUSTEN ALBU

| MID-CAREER ORGANISATIONAL ROLES ORGANISATIONAL EVALUATION OF EFFECTIVENESS | | |
|---|---|---|
| | HIGH | LOW ("ordinary") |
| TECHNICAL | Cell 1 Independent contributor policy specialist "idea innovator" "internal entrepreneur" | Cell 2 technical support expert on "formatted" tasks "master" |
| PEOPLE | Cell 3 top management sponsor development as policy "successful" manager | Cell 4 mentor individual development functions "effective" manager "coach" |
| NON-WORK | Cell 5 specialist internal consultant "variance sensor" "scanner" | Cell 6 |

Source: MIT

they suffer from becoming less up-to-date than recent graduates, and probably best handled by apprenticeship-master pairing of young and "old" is suggested here as well as challenging assignments for which mid-career engineers can achieve their own technical updating.

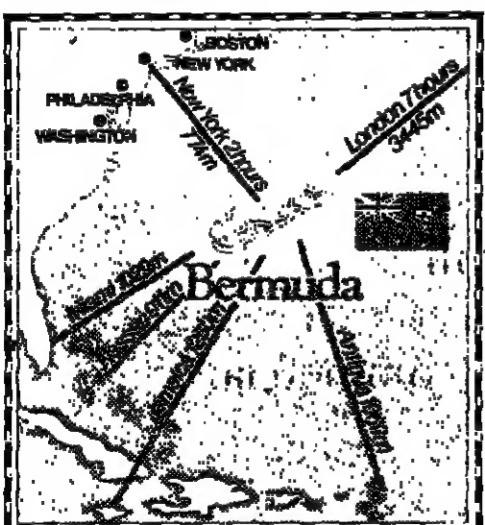
The "successful" management of technical careers requires an appreciation of the whole range of possible attitudes and abilities. It requires an accurate assessment of each employee's capacities; an assessment in which both the employee and the employing organisation must concur.

Most important, however, is the recognition that the variations in orientation and ability necessitate flexible personnel policies and multiple organisational roles. Only if these exist can organisations maximise the contribution of their technical staff and provide them with satisfactory careers throughout their working lives.

* *Baldwin Lotte, Living with Technology—Issues at Mid-Career*. Working Paper WP106-79, Alfred P. Sloan School of Management, M.I.T., Cambridge, U.S.A., 1979.

Austen Albu is a former Labour MP and a visiting professor at the Science Policy Research Unit, University of Sussex, where he has recently been working on attitudes to engineering education.

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FT2/79

Company Secretary's Review

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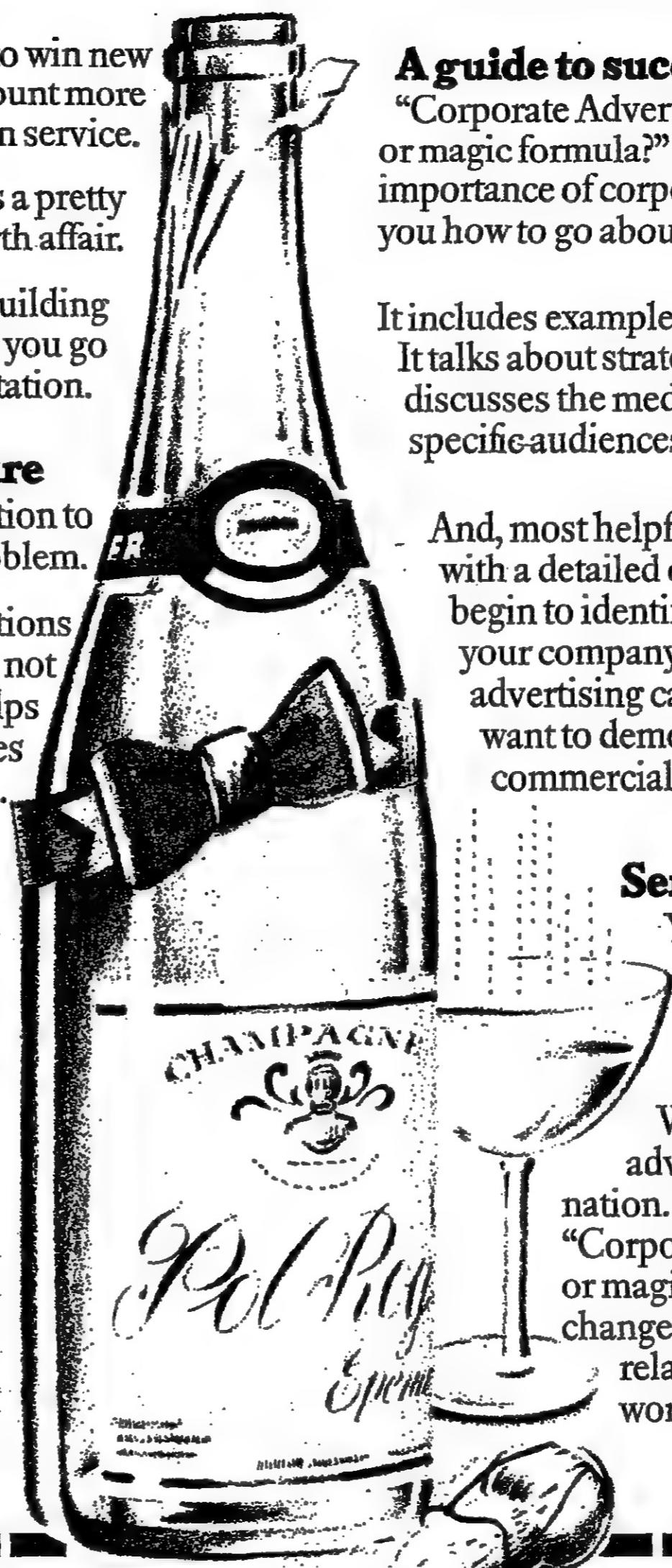
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You can get a free copy of this new book simply by completing and returning the coupon below.

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magic formula?"

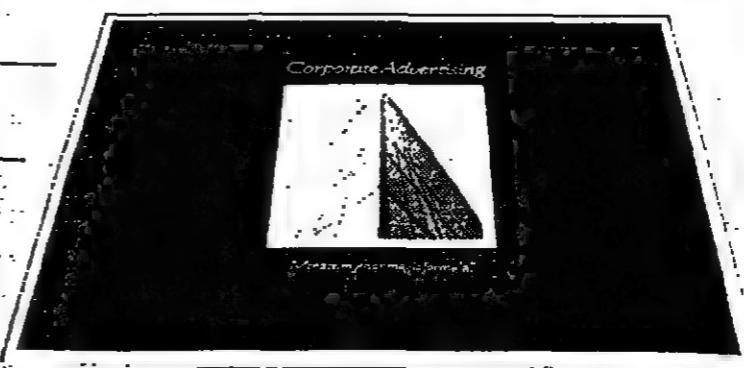
NAME _____

POSITION _____

COMPANY _____

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NATURE OF BUSINESS _____



جامعة الملك عبد الله

Chichester Festival Theatre

The Man Who Came to Dinner

by B. A. YOUNG

Moss Hart and George S. Kaufman's romp calls for a commanding lead, two or at most three, romantic supports and an infinity of sharp cameo players. Chichester has done particularly well for its lead. Charles Gray makes a fine thing of Sheridan Whiteside, the author's send-up of Alexander Woollcott who slips on an icy doortape in rural Ohio and takes over the house of his host for all his manifold guests' and activities. Like the contributors to *Private Eye*, Whiteside cannot distinguish between wit and abuse but Mr. Gray, with his impeccable timing and his command of subtle expression, contrives to dominate the production with hardly a step away from his wheelchair. In his mouth that ill-mannered arrogance, with its spice of half-forgotten names—Lady Cumard, Sonja Henie, Hale Salsbury, John L. Lewis—sounds almost endlessly comic.

The only other parts showing any depth are those of his secretary Maggie and the local editor-cum-proprietor Bert Jefferson. Jill Bennett plays Maggie beautifully, handling her own lapses from courtesy with restraint when they come, but mostly keeping to her destiny as an efficient secretary. When, in the final act, she breaks down on the common words "I love him so terribly," she transcends the commonness of the line and brings the emotion to life.

How she could have felt so strongly about Robert Whelan's Bert I don't know—a coarse loud young man who has obviously more in him of the Ohio newsman than the potential playwright. Perhaps he has

Albert Hall Radio 3

Schumann's Faust

by RONALD CRICHTON

The repetition, at Monday's Prom, of last season's Festival Hall performance of Schumann's *Scenes from Goethe's Faust* was a good idea—indeed it was done. Once again Michael Gielgud conducted the BBC Singers, Symphony Chorus and Orchestra, with the Southern Boys' Choir. The work was given complete, which was not Schumann's idea. The first two parts, before the interval, went pretty well. Part three, written slightly earlier, in more innocent, pre-Wagnerian style, was a plodding affair mainly redeemed by the soprano, unidentifiable in the programme, who sang "Jene Rosen" freshly (without eliciting memories of Jennifer Vyvyan), and by the ardent bass of Stephen Roberts. No one would deny that Schumann's *Faust* is uneven, marred by occasions when the composer becomes stuck in a rhythmic tag, by a faint of male-voice choir sentimentality and by bursts of facile bonhomie. More important are the parts that go nearest the heart of Goethe than other large-scale musical settings. Of course Liszt party and Berlioz utterly excelled Schumann in orchestral imagination—but by his humbler standards Schumann here is often surprisingly inventive, while in the handling of some of the text (admittedly a minor consideration for Liszt, while Berlioz set French translation) and the clothing of subtle declamation in appropriate harmonies Schumann penetrated deeper. The best pages in his *Faust*

Elizabeth Hall

Chamber music

by ANDREW CLEMENTS

Apart from Mozart, the thread running through this year's South Bank Summer Music is French. French music since 1830—the prospectus calls it "rashings of Ravel, certainly respectable amounts of Faure, Debussy and Poulenc, but nothing to suggest that French music went anywhere after the demise of Les Six." Monday's concert of chamber music brought out both themes—a surprisingly short programme consisting of a Mozart duo, Ravel's *Mother Goose Suite* (in the version for piano, four-hands) and Faure's C minor Piano Quartet.

One of the exceptional virtues of recent Summer Musics has been the opportunities to hear Placidas Zukerman as a viola player. In chamber music the larger instrument points up qualities in his playing that on the violin tend to disappear under a bravura sheen: a mastery of quietly understated phrasing, remarkably sustained bowing and a beauty of tone practically unrivaled among contemporary violists. In Mozart's G major Duo K423 his control of inflection made Jaime Laredo's otherwise pleasantly civilized violin playing seem almost slapdash. It was Zukerman who, every time

Television

Illusive images

by CHRIS DUNKLEY

In our house a "cracker" is something which contains a paper hat, a motto, and a broken plastic toy, all of which fall into your wine glass at the end of Christmas dinner. Furthermore that meaning is the only one I have ever heard given to the word "cracker" by a real, live, walking, talking English person. On television, however, there is a collection of people who habitually use the word to mean a cheese biscuit. They do not, of course, appear in normal programmes which (by and large) use the same language as you and I; they appear on the commercials where a completely different and often quite infuriating language—both verbal and visual—is exploited. It is often less than honest, sometimes downright misleading.

I am not referring to the pettiness vulgarisms which occur so regularly in the advertisements ("lay" for "lie" and so on—or even to the bigger and more hilarious mistakes such as the use of the word "judge" where "indication" is clearly what is meant). In *After Eight* Mint commercial which tries so hard to be awfully smart but falls flat on its pretentious face when the gracious lady drawls: "I always feel that the best judge of character is how some-

Certainly that sort of solecism should be deplored and attacked by all those who care for communication because, as Confucius said "If language is not correct then what is said is not what is meant . . . what ought to be done remains undone . . . morals and the arts will

deteriorate and justice will go astray."

However, I am referring primarily not to straightforward faults in syntax but to a whole language of weasel words, illusive images and innuendo, in which the only thing you can really be sure about is that the more clearly something is implied—without actually being stated—the more likely it is to be untrue.

If a floor cleaner is described as "new" and shown to be a housewife's smile dementedly upon their buckets and mops you can be sure that it is old and makes nobody smile at a mop in real life.

If the advertising in this paper consists of information which the reader is actively seeking.

Television commercials are quite different. One has never heard of a viewer switching on primarily for the ads, and the number of commercials which could honestly be described as "informative" is very small indeed. Nearly all are involved in the business of persuasion, and a great many aim solely at altering brand loyalties.

Which is not to say that none of them is impressive: on the contrary some are technically exemplary pieces of film making. (Nearly all the best are still made on film though videotape use continues to increase.) Such technical excellence is predictable enough of course when you consider the outlay involved: 30 and 60 second commercials commonly cost tens of thousands of pounds to make and not infrequently hundreds of thousands. And that is before the advertiser is

intended to be with non-fluoride toothpastes. Yet whatever the comparison, the claim turns out to be virtually meaningless since what is being promised is a maximum saving on filings but no minimum. In other words we are being assured of nothing whatsoever.

Perhaps it ill behoves a journalist who acquires most of his income (even if indirectly) from the sale of large areas of pink newsprint to attack advertising root and branch. But there is an important distinction to be made between the advertising in, say, this newspaper and the advertising on television.

According to Young and Rubicam's invaluable advertising bulletin *Time and Space*, commercial television's total gross advertising revenue in May and June registered increases of 20 per cent and 36 per cent respectively over the same months last year. It looks as though one minute in peak time on the national network this autumn may well cost advertisers nearly £50,000—and when that sort of money is involved it is natural enough that they will ensure, just for a start, that their commercials are well made.

So too is the more recent commercial for the Fiat Strada, which has no spoken content, just film of the car being assembled by automata, excerpts from Rossini's "Barber of Seville" on the soundtrack

supplying a powerful Italian flavour, a final sequence of the cars driving onto a moving transporter in tribute to the Mini sequence in *The Italian Job*, and the end caption "Handbuilt by robots."

It is impossible to ignore and hard not to admire the sheer skill of such work, and that goes too for the direction of the Malt Liquor series, the camerawork (and idea) to show the Samsonite suitcase being used as a toboggan, and the period detail in "Lipsmackin' Pepsi Cures The Summertime Blues" which in 30 seconds in the middle of *Oh Boy!* managed to throw the 30-minute programme of similar material into deep shade.

None of that, however, contradicts the claim made in the opening episode of David Martin's new BBC1 series about advertising. *The Persuaders*. One of the contributors poured scorn on the idea that most television advertisers pay more than lip service to the "general principle" which according to the Independent Broadcasting Authority "will govern all broadcasting advertising: that it should be legal, decent, honest and truthful."

One readily accepts that the ads are all legal, but on the other three criteria many are capable only of passing a negative test: they are not actually grossly indecent, nor downright dishonest, and not blatantly untrue.

When it is known that the real Orson Welles has lent, or hired, his not insubstantial weight to a number of commercials it is decent, honest and truthful for other manufacturers to hire for the voice-over of man asking the delicate Englishman beside him "Do you work in oil?" and receiving the murmured response, "No, watercolour," and the check-in girl saying "Ah yes you have a reservation" and looking up to see the mock offended look of

a Red Indian chief in full war bonnet.

The Wrigley's chewing gum series, again with a very hummable jingle, and fast cuts between scenes in different countries, ending with the Wrigley's articulated lorry and "Call it Wrigley's, call it spear-mint, call it gum" is also expertly made.

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None of that, however, contradicts the claim made in the opening episode of David Martin's new BBC1 series about advertising. *The Persuaders*. One of the contributors poured scorn on the idea that most television advertisers pay more than lip service to the "general principle" which according to the Independent Broadcasting Authority "will govern all broadcasting advertising: that it should be legal, decent, honest and truthful."

One readily accepts that the ads are all legal, but on the other three criteria many are capable only of passing a negative test: they are not actually grossly indecent, nor downright dishonest, and not blatantly untrue.

When it is known that the real Orson Welles has lent, or hired, his not insubstantial weight to a number of commercials it is decent, honest and truthful for other manufacturers to hire for the voice-over of man asking the delicate Englishman beside him "Do you work in oil?" and receiving the murmured response, "No, watercolour," and the check-in girl saying "Ah yes you have a reservation" and looking up to see the mock offended look of

This announcement appears as a matter of record only.

\$60,827,471

Trans World Airlines, Inc.

Equipment Trust Certificates due July 15, 1994

The Equipment Trust Certificates are being issued to finance a portion of the purchase price of seven Boeing Model 727-231 aircraft to be leased by a trust to the Company.

The undersigned acted as financial advisor to the Company in connection with this financing.

Bankers Trust Company

This announcement appears as a matter of record only.

\$50,000,000

J. C. Penney Financial Corporation

Senior Notes due 1984

The undersigned acted as financial advisor to the Company in connection with this financing.

Bankers Trust Company

This announcement appears as a matter of record only.

\$16,335,000

Oklahoma Gas & Electric Company

Leveraged Lease Financing of 450 Gondola Cars

The private placement of the ownership interest has been arranged by

BT Leasing Services Inc.

an affiliate of

Bankers Trust Company



Karen Kain and Frank Augustyn.

Coliseum

The Rhinegold

by MAX LOPPERT

The English National Opera opens its season with two cycles of *The Ring of the Nibelungs*. Both are conducted by Charles Groves; the cast for both is an attractive mixture of the company's most seasoned Wagner singers and some interesting newcomers. *Rhinegold* on Monday made a good start. Like the Groves' account of Siegfried in this theatre last February, it was not a revelation of epic Wagnerian music drama so much as a demonstration of the importance in Wagner of a cohesive and well-integrated ensemble. All parts functioned responsibly and harmoniously; the emphasis was placed firmly where it properly belongs—on the opera itself rather than on the novelty value, the brilliant experiments and blinding insights of its exponents.

In this broad, spacious account of the opera, there was evidence of careful preparation.

Backstage clunks and clatter were reduced, if not wholly avoided; the lighting had been

reconsidered (though first glimpses of Koltai's Valhalla were no more encouraging than usual); the unfolding of the play had been paced, not just left to its own devices. In the orchestra, one immediately noted such things as punctilious string articulation in all the semiquaver flurries around the Rhinemaidens, and the aptly judged amount of brass under Wotan's opening pronouncements (the fact that Norman Bailey, in very restrained voice throughout the evening, could always be heard without noticeable sacrifice of orchestral volume was a mark of the conductor's ear for balance). The paramount concern, it seemed, was that everything should tell, naturally; that the music should make its points and its effects, as it were, unfailingly. It was not an exciting *Rhinegold*. The vastness of the canvas was moderated; the physical impact of the nature painting was under-characterised; there was a shortage of dramatic colouring.

But in its sane, sober way it was a performance of considerable merit. Plenty of elbow room had been allowed the cast; its most vivid members—Emile Belcourt's Loge (with a new note of savagery underlying the impeccably courteous of his comments), Edward Byles' Mime, the giants of John Tomlinson and Dennis Wicks—filled their space with the sort of expertise that never draws attention to itself. The Alberich of Derek Hammond-Stroud also unfailingly seized the stage, though now and then in a larger-than-life manner that veered towards the territory of pantomime. Katherine Fring, Fricka, lacked line, though not force; the lesser gods tended to be played by their costumes rather than by the singing-actors inside them. Some of the most impressive Wagner singing of the evening came from Anne Collins—Erdot's message, its syllables weighted with magisterial steadiness, was for once a matter of highest interest and importance to the audience.

FINANCIAL TIMES

BEACON HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: 885241/2, 885257
Telephone: 01-245 3800

Wednesday August 8 1979

Ironing out distortions

TRYING to extract guidance from Britain's bank lending figures is becoming almost as esoteric and hazardous a task as attempting to divine the future by the examination of entrails. The City's initial reaction to yesterday's figures were to heave a sigh of relief and buy gilt-edged, since the figures showed almost no increase in total eligible liabilities and a small fall in the interest bearing portion that is constrained by the Bank of England's corset.

Second thoughts

But second thoughts soon emerged. The London clearing banks overshot their corset ceilings by only £80m, less than the markets were expecting. None of them has yet breached the relatively painless first penalty zone. But delving into the details of the figures, which are, as usual, distorted by seasonal adjustments and by large transactions, largely aimed at avoiding the corsets between banks and discount houses and between parent banks and their subsidiaries, there is no sign of a major fall in loan demand.

The best that can be said on the basis of the banking figures is that the upward trend in loan demand is flattening out. But it has stabilised at an unduly high level and there is a danger that loans to consumers may accelerate again once tax cuts start rolling in, encouraging consumers to gear up for another buying spree. Despite the apparently favourable banking figures, it is still quite possible that the July money supply figures, to be published next week, will show growth well above the Government's ceiling.

Lower rates

This in itself should not be too alarming, since public sector borrowing, currently the most important component in monetary growth, should start falling sharply as the effects of spending cuts and Value Added Tax changes manifest themselves.

Hopes of interest rates falling by the end of the year are quite likely to be realised. But it would be a pity if the authorities' probable success in muddling through yet another monetary crisis were to undermine the interest in monetary reform that has appeared recently in some official quarters.

The corset does not seem to have done much to make banks shun their personal customers. The prospect of another upsurge

eventually, the authorities should try to break away from assumptions about a mechanistic link between inflation and some particular definition of money and aim instead at affecting inflationary expectations, as well as the demand for credit, by announcing long-term monetary targets. A commitment to a stated reduction in monetary growth over several years would enlist the normal forces of the competitive market on the side of the Government, rather than against it. Market behaviour is based on expectations about the future of inflation and Government policy. If these expectations are clearly defined, the market system would help to iron out distortions, rather than creating them.

Meeting China's aspirations

"WHO CRIED for pie? We all did." Thus said the children in the nursery rhyme and thus have the Chinese leadership interpreted the wishes of their people. The recent increases in industrial wages and bonuses and the raising of the State's procurement price for rice by 20 per cent hold out the prospect of the largest increase in urban and rural living standards in China over the past 20 years. Vice Premier Deng Xiaoping and his moderate colleagues are hoping that this will tempt a Chinese workforce, disillusioned and disappointed by long years of moral exhortation into higher productivity and thus higher national output.

Hope

Along with working harder, Deng wants in return acceptance of a host of other changes that should improve economic performance but are not part of Chairman Mao's legacy. Among these are greater devotion of responsibility to factory managers, the closing down of unprofitable enterprises, the use of the price mechanism to achieve a more efficient allocation of resources and a more extensive use of western technology. The best hope that his policies will succeed is that they represent a sensible reform of China's cumbersome bureaucracy and that they do hold out the promise of satisfying the long felt desire of most Chinese for more pie.

Inflation

Deng and his followers at the moment certainly have the upper hand. They dismissively dub their opponents as "Whateviers" because they hold to the conformist view that whatever Mao said was right. But Deng has to live up to his promise of producing more pie and then ensuring that inflation does not nibble it away. Should he slip, the radicals will pounce—which could mean for the Chinese a return to their drear and narrow life of the past.

Rhodesia: the Tory battle of hearts and minds

MRS Margaret Thatcher is sometimes described as a woman governed in her political actions by two separate forces—her heart and her head. When her heart takes control, it is said, she is almost always wrong. When her head wins the battle, say her admirers, she is almost always right.

The two key figures in the slow but steady transformation of Tory Rhodesia policy are Mrs. Thatcher, whose heart told her that the April elections in Rhodesia had been "free and fair," and that the Muozorewa regime deserved British support, and Lord Carrington, the worldly-wise Foreign Secretary and one of Mrs. Thatcher's closest colleagues, whose experience stretches back to the Churchill government, and who takes a thoroughly down-to-earth and practical view of the objectives and limitations of British foreign policy.

The story, of course, is by no means over. The Commonwealth Conference has been a diplomatic triumph for Lord Carrington and a personal tour de force by Mrs. Thatcher. Goodwill abounds. There is no sign of urgency. The Carrington initiative for a new Rhodesian constitution and an all-party conference leading to new elections in Rhodesia has tremendous momentum behind it.

But nobody underestimates the hurdles that still have to be jumped. No previous initiative on Rhodesia has completed the course. If this one does not, few doubt that the end of the story will be an intensification of a war which could embroil the whole of Southern Africa and dangerously internationalise the conflict.

In more parochial terms, a failure could create deep and wounding fissures within the Conservative Government. The starting point for the story is some comment made by Mr. Francis Pym, at the time shadow Foreign Secretary, to Tory party workers in Cambridge on April 9. Mr. Pym left the impression that if the new government was satisfied with the Rhodesian election process, there were circumstances in which it might move towards unilateral recognition.

The reaction to the Pym speech was discreet but forceful.

The reaction to the sanctions statement was immediate and forceful. The Americans, the Australians, the Foreign Office

and recognised the Muozorewa government, it could not expect their backing. This pressure produced one important result. The Conservative leadership was persuaded not to publish the results of the Boyd report on Rhodesia's April elections before the British General Election on May 3.

This gave Lord Carrington, the new Foreign Secretary, time to play with. During May, there were visits to London by Mr. Cyrus Vance, the U.S. Secretary of State, and a two-man delegation from the Australian Foreign Ministry. There was also a meeting of Commonwealth High Commissioners in London which unanimously urged the Government not to recognise the Muozorewa regime.

At the time, Mrs. Thatcher and the Cabinet were immersed in domestic issues, principally the

Budget.

On May 22, Lord Carrington made his first major speech in the Lords as Foreign Secretary. He was careful not to accept the Boyd report. The Government would be "guided" by Lord Boyd's conclusions, he said. The Government's "aim" will abounds. There is now no "return Rhodesia to legality in conditions of peace and wide international acceptance."

The speech represented a subtle and almost imperceptible shift in emphasis from the Conservative Party election manifesto policy (see box). The Americans, the Commonwealth and Lord Carrington himself had won their point: Britain could not act on her own, however, much the instincts of Mrs. Thatcher and large sections of her party might at one point have regarded it as their "duty" to do so.

By July 1, when Mrs. Thatcher rose to address Australia's National Press Club in Canberra, she was beginning to turn more of her attention to Africa, a continent she had only once visited, in 1965. In reply to a question, she made the fatal comment that "we doubt very much whether a renewal of sanctions would go through the British Parliament." But in a little-noticed passage, she also accepted that "a number of people" were "slightly critical of the constitution" and thought that perhaps there were "one or two too many white people in parliament."

The reaction to the sanctions statement was immediate and forceful. The Americans, the Australians, the Foreign Office



If the six principles... are fully satisfied following the present Rhodesian election, the next government will have the duty to return Rhodesia to a state of legality, move to lift sanctions and do its utmost to ensure that the new independent state gains international recognition. —Conservative Election Manifesto April, 1979



Ashley Ashwood

A dance to the music of time running out—Mrs. Thatcher and President Kaunda

in London, the African governments, the British business community in London—all, in their separate ways, let Mrs. Thatcher know their feelings.

It was the last significant occasion on which Mrs. Thatcher publicly allowed her heart to rule her head. It was for her, however, unintended, the Canberra statement, a case of "sauter pour mieux reculer."

During July, first Lord Carrington in the Lords and then Mrs. Thatcher in the Commons set out Britain's Rhodesia policy. The issue of sanctions dropped almost out of sight. References to "terror-

Commonwealth conference as the last chance to end the Rhodesian war. Their economies were all suffering deeply from the conflict. The only alternative left seemed to be an escalation of the fighting, involving Russian aid and Cuban or other Eastern bloc troops. The three Commonwealth front-line Presidents—Julius Nyerere, Kenneth Kaunda of Zambia, and Sir Seretse Khami of Botswana—wanted to avoid that if they possibly could.

Always in the background was the indefatigable Sonny RAMPALI, the Commonwealth Secretary-General, busy trying

part week has been masterly. On her first evening in town, she and Lord Carrington (who has hardly left her side throughout the conference), dined with President Kaunda. She listened, she patiently set out her views, and she charmed Kenneth Kaunda. It was a performance that was to be repeated time and again throughout the week.

Now she has a very broadly-based Commonwealth policy behind her, and a clear statement that it is the British Government's responsibility to implement it. But the burdens that she and Lord Carrington face possibly could.

The optimism that at present permeates Lusaka comes from the strong backing for the new initiative from the three Commonwealth front-line states, Tanzania, Zambia and Botswana. They are expected to exert strong pressure on the Patriotic Front. But it remains to be seen whether they can deliver Joshua Nkomo and Robert Mugabe.

The South African response to Lusaka agreement—both unusually quick and public—must be disturbing for Britain since Pretoria may be asked to play a key role in exerting pressure on the Muozorewa-Smith Government.

Hopes for a positive response from Pretoria and Salisbury rest on the view that they will see the Lusaka agreement as sealing the failure of Mr. Smith's gamble to secure international recognition through an internal settlement.

More clearly than ever before, the writing is on the wall for that settlement. White Rhodesians and Bishop Muozorewa must know that either they come to the negotiating table or they face a prolonged war which they cannot hope to win and which would devastate their country.

Salisbury's biggest fear now must be a total crumbling of white morale in Rhodesia. It is that the ever-mounting white emigration rate, the rising death toll from the war (already over 20,000) that could persuade the Zimbabwe-Rhodesia government to come to the negotiating table.

MEN AND MATTERS

New record for social services

As state spending cuts ease into our social services, it is good to see at least one company in the private sector doing its best to fill the breach. The youth-aid organisation "Help," run by the extremely profitable Virgin record company, today moved out of dingy premises in the crypt of a Paddington church to a smart news house in the centre of Kensington.

Richard Branson, chairman of Virgin, started the service after his experience of difficulties in getting effective help when his 16-year-old girlfriend became pregnant. He has never publicised the connection between Help and Virgin, because "anything like this is treated with cynicism."

Failure to resolve this continuing faction fighting puts at risk the central gamble behind Deng's strategy of offering higher living standards in return for more work. It will make for more difficult the next three years of "readjustment"—as the Chinese are calling the period starting from January 1, 1979, in which the economy is being deliberately slowed down in the hope of removing bottlenecks of fuel and power shortages, of easing the pressure on the construction industry and of shifting resources out of high cost heavy industry into the consumer goods sector which offers potentially speedier and larger returns.

Deng also has to carry his countrymen with him in an accelerated programme of absorbing western technology.

Though capital imports are no longer likely to be on the scale that was anticipated last year, they will still be large by the standards of China's recent history.

Such reliance on foreign technology runs counter to Maoist doctrines of self-sufficiency.

Inflation

Deng and his followers at the moment certainly have the upper hand. They dismissively dub their opponents as "Whateviers" because they hold to the conformist view that whatever Mao said was right. But Deng has to live up to his promise of producing more pie and then ensuring that inflation does not nibble it away. Should he slip, the radicals will pounce—which could mean for the Chinese a return to their drear and narrow life of the past.

regular group therapy session twice a week and has access to the services of doctors, lawyers and other professionals.

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To be summarily dismissed as head of one of West Germany's leading banks is surely a calamity. To be pronounced dismissed twice over by the same bank must be virtually unique. Such is the fate of Ludwig Poullain, the former chief executive of the West Deutsche Landesbank (West LB) and long one of the country's liveliest financiers.

The range of problems tackled by Help include providing advice and aid on loneliness, adoption, abortion, drugs, homosexuality and other difficulties of the young in the big city. It employs a psychologist to run a

regular group therapy session twice a week and has access to the services of doctors, lawyers and other professionals.

Poullain started the service after his experience of difficulties in getting effective help when his 16-year-old girlfriend became pregnant. He has never publicised the connection between Help and Virgin, because "anything like this is treated with cynicism."

But it was decided that the salvage should be dispersed among the Lloyd's community. In charge of the sale is Tony Dugdale, 39, an architect, and his wife Pat, an antiques dealer.

He expects the sale will realise £100,000. Already, the interior is being pulled apart.

But there is one possible snag: not until September 20 will the City's Court of Common Council give a final decision about the demolition of the building.

Among other things, he has written a book extracts from which have recently been published in a German weekly and which caused raised eyebrows in West German Boardrooms.

In the face of this, West LB

apparently felt it could hardly sit back and do nothing. But that is likely to be Poullain's reaction to the latest turn of events, too.

Double trouble

The tale goes back to the start of December, 1977, when Herr Poullain was confirmed in his post at the top of West LB for a further five years. To general astonishment he resigned only weeks later saying his integrity had been called in question over an advisory post he had held. That (briefly) seemed to be that. But in January, 1978, the bank decided to fire him (with effect from the day he said he resigned), on the grounds that he had flagrantly violated his duty.

Poullain was clearly livid. He insisted he had done no wrong and had simply decided to step down to save the reputation of the bank which could easily be damaged by rumour-mongering.

He also stood to lose £17,000 a year (£2,000 a year)—the difference between the sum he would receive as one who resigned and his pension as one who was fired.

Poullain hopes to buy some salvage as a memento, but has left it rather late. Orders totalling about £80,000 have already been placed for chandeliers, light fittings, lavatory seats, stained glass, plaques and carved woodwork.

One member of Lloyd's is

down to get the mahogany

panelling and fittings of the old Committee Room for £15,000.

I learn that the National Trust of Australia wanted to buy every

thing in the building that could

be salvaged and transport it to Melbourne.

Remember men, you're now

fighting for Queen and Country, and an extra eight million quid a year.



Remember men, you're now fighting for Queen and Country, and an extra eight million quid a year.

Loot at Lloyd's

While wandering yesterday in the forlorn mausoleum of Lloyd's Leadenhall Street building, over which the demolition hammer is poised, I ran into Harold Fincham. He views philosophically the decision to knock down those 50-year-old marble halls, having started working for Lloyd's in 1916 in the Royal Exchange. Now 77, Fincham is chairman of the Three Rooms Club, whose 200 venerable members have worked in all three Lloyd's headquarters.

Fincham hopes to buy some salvage as a memento, but has left it rather late. Orders totalling about £80,000 have already been placed for chandeliers, light fittings, lavatory seats, stained glass, plaques and carved woodwork.

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Remember men, you're now

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Just melted away

Readers who recall my sad tale last winter of the \$200 oz of gold mislaid by the U.S. Treasury will be further saddened to hear that the authorities have given up the hunt for it. Investigations uncovered one employee who had walked off with 400 oz (he is now in prison). Book-keeping corrections accounted for a further 500 oz. But the Treasury has confessed that it does not know whether the remaining 4,100 oz (currently valued at \$1.2m) was stolen, lost or wrongly entered in the records.

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Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS

Bestobell advances 37% to £3.26m at midway

BESTOBELL, still fending off BT's unwanted £25m bid, produced first-half figures yesterday showing a 37 per cent profit jump.

It also promised shareholders further today from the chairman, Mr Sandy Marshall, arguing that they should continue to reject the offer.

Since it increased its offer from £2.6m late last week, BT has accumulated more than a fifth of Bestobell's shares. Although the cash element is worth 22p a share, last night's BT closing price of 345p, up 10p on the day, puts a value of 31p on the share exchange offer. BT is offering 11% of its own shares for 15% Bestobell, which closed 2p higher at 223p.

At the pre-tax level, Bestobell's profits advanced from 2.38m to £3.26m in the half-year to June 30, 1979, with attributable earnings of £1.89m against £1.56m. The company has declared a 4.5p interim dividend; a year ago, it paid 1.5p.

Bestobell's sales improved from £47.8m to £51.8m. With trading profits up by nearly 40 per cent from £2.32m to £3.04m, trading margins moved head to 7.6 per cent from 6 per cent.

These figures follow Bestobell's forecast in its full 1978 results that at least 30 per cent higher than last year's 4.9m, with the total dividend rising from 9.5p to 11p.

Bestobell's major shareholder, Britannia Assurance, with 10 per cent of the shares, declined to comment on its own attitude yesterday, but admitted that the effect of the higher BT share price on the value of share offer had changed the complexion of the bid.

Comment
Bestobell's figures give solid support to its forecast of more than 30 per cent pre-tax profits.

For the year to September 30, 1978, pre-tax profits of the companies to be disposed of amounted to £360,000 and the net tangible assets at that date totalled £700,000.

Debenhams sells photo shops to Dixons

THE Debenhams stores group has agreed to sell its loss-making chain of 22 High Street photographic stores operated by Greens to Dixons Photographic for £1.7m.

Debenhams plans to expand substantially over the next year its Greens photographic photo shops which operate within department stores. At present there are 35 in-store photo shops in stores other than Debenhams—another 20 are planned.

The sale will be completed by September 8 and the outlets will trade as Dixons stores. No redundancies are expected.

Debenhams' decision to pull out of High Street photographic retailing is based on the view that it would be more effective to concentrate resources in this specialist area on its international business.

It is too early to predict the improvement in market

COMET SELLING CALEDONIAN SUBSIDIARIES

In line with its stated policy, Comet Radiovision has started disposing of the engineering and ladies' hosiery divisions of its subsidiary, Caledonian Holdings, acquired in April after a protracted takeover battle with London and Midland Industries.

Comet has entered into conditional agreements for the disposal of two engineering businesses—Claromas Engineering and Edinstone Brown and Barber and Nicholls and Nicholls, and Wileman, the two companies comprising the ladies' hosiery division.

This leaves five companies in the engineering division still to be disposed of. Mr M. J. Hollings, Comet's chairman, has said that he was always only interested in Caledonian's home improvement and jewellery divisions.

Claromas and Edinstone Brown, a private holding company, has acquired the whole of the issued capital of the Bedford-based Simplex Mechanised Handling. Wileman and Wemyss, with an authorised capital of £200,000 each, was formed in 1973 to invest in mechanical handling companies. It has also secured investments in Simba Hydraulics and Aspley Associates (HK).

WENHAM AND WEMYSS

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Comment

Bestobell's figures give solid support to its forecast of more than 30 per cent pre-tax profits.

Wellman forecasts over £2m profit and 25% dividend increase

BY RAY MAUGHAN

Wellman Engineering Corporation is forecasting pre-tax profits in excess of £2m in the year to March next. The projecting includes a pre-tax contribution of £450,000 from the proposed Industrial Heating Business Department for 23 weeks.

Reinforcing its rejection of Gedman-Hedman International's 15p per share cash offer, worth £1.3m, Wellman calculates that its exit p/e would be 7.5, respectively if a final dividend of 1.4p per share is stripped out of Gedman's offer.

Wellman also expects to pay dividends for the current year totalling not less than 3.35p per share, an increase of 25 per cent, where the prospective yield could be 7.5 per cent. On the basis of earnings of 8.5p per share, the defences asserts this dividend would be covered 1.1 times.

The group's 22 year leasehold interest on its head office, now provisionally valued at £1.2m assuming a rate and research fits asset booking to 15p per share.

Total borrowings are estimated at £2.22m, taking in the maximum estimated capital requirement for IHEBD, which estimates gearing of "only" 72 per cent if the options on the new office reservation is taken into account. The net equity ratio would fall to 57.4 per cent.

Wellman's latest cash offer, £1.3m, is to vote on the proposed IHEBD acquisition at an extraordinary meeting on August 21.

VIEW FORTH

The scheme of amalgamation between View Firth and

Crescent Reserves having been approved, View Firth has been placed in members' voluntary liquidation and the scheme is effective.

A total of 1,823,404 units in Crescent Reserves has been issued to View Firth shareholders on the basis of 1.60 units in Crescent for every View Firth share. Dealings in the units of Crescent issued under the scheme will commence tomorrow.

TILLING IN AGREED BID FOR NUWAY

Thomas Tilling announces that, on behalf of its subsidiary, Cimex International, it is making an agreed offer for Nuway Manufacturing, a privately-owned trading producer.

The offer will be satisfied by the issue of 567,744 new ordinary shares of Nuway. The directors and major shareholders of Nuway are unanimously recommending the offer and have agreed to accept it for their own holdings, representing about 40 per cent.

Royal Electronics—E. T. Harrington, chairman, has sold 65,000 ordinary.

SEKERS INTERNATIONAL—Grove wood Securities has acquired 76,000 ordinary, making its holding 760,725 (10.4 per cent).

Eva Industries—Anglo Indonesian Corporation has acquired further 180,000 shares making holding 2,151,436 (22.99 per cent).

Rambers (Jewellers)—Scottish Amicable has disposed of 25,000 shares leaving holding at 117,500 (5.9 per cent).

Govec European Trust—Common Market Trust has acquired a further 10,000 shares and now hold 1.71m (8.55 per cent).

Hawkins and Tipson—J. C. Stickland, director, has a beneficial interest in 60,500 shares and a non-beneficial interest in 2,130.

Talbot Group—D. M. Green has acquired beneficially 185,000 shares making holding 2,663,000 (10.75 per cent). Purchases made as follows: on July 30 100,000 at 75p and 50,000 at 85p on July 31 15,000 at 85p. S. H. Green has required beneficially 60,000 shares, making holding 445,000 (2.2 per cent). Purchases made as follows: on July 30 50,000 at 85p; July 31 10,000 at 85p.

SHARE STAKES

Adwest Group—Rael Electronics has increased its holding of ordinary shares to 1,201,326 (12.25 per cent).

Amour—Trust—A. D. Belgrave, director, purchased 25,000 ordinary at 15p on August 1.

Cawdaw Industrial Holdings Limited

In his Annual Statement the Chairman, Mr. G. H. Lowe reported:

- * Group sales increased, modest improvement in trading profit offset by interest charges.
 - * Difficult trading conditions experienced in textile dyeing and finishing but investment in weaving justified.
 - * Increased profits from kitchen furniture manufacture, also from timber importing and merchandising with continuing expansion.
- | | 1978/79 | 1977/78 |
|------------------------------|------------|------------|
| | £ | £ |
| Turnover | 12,911,037 | 11,796,827 |
| Profit before taxation | 400,072 | 435,563 |
| Profit after taxation | 301,629 | 273,739 |
| For each ordinary stock unit | 6.5p | 5.9p |
| Earnings of | 2.5675p | 2.4579p |
| Dividend of | per unit | per unit |

Copies of the Report and Chairman's Statement may be obtained from: The Secretary, Cawdaw Industrial Holdings Limited, Cawdaw House, Lower Broughton Road, Salford M7 9FX.

Smith Bros. slumps to £0.3m: cuts dividend

WITH second-half profits diving from £442,233 to £60,295, the taxable surplus of Smith Bros., jobber, slumped to £282,906 in the year to May 4, 1979, compared with £1.15m last time. Turnover was marginally higher at £2.32m, against £2.21m.

Mr. A. J. Lewis, chairman, says the company has not earned a net profit in the first quarter of the current year and it is unlikely the ground lost so far will be recovered fully in last year's timetable.

Mr. Lewis says: "TODAY investors: Adams and Gibbons, Assam Instrument, British Wireless, J. Bibby, Comben, English and Scottish Investors, Glynval, Securcor, Security Services, Volegistics Metal, Phoenix Brothers, P. of London and International Trust, David Dixon, G. M. Firth (Metals), Gold Fields Properties, Hume Holdings, Kumtung Exploration, New Zealand Gold Exploration, Southern Kicks Consol-

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held in the course of the year to discuss dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Mr. Lewis says: "TODAY

Investors: Adams and Gibbons, Assam Instrument, British Wireless, J. Bibby, Comben, English and Scottish Investors, Glynval, Securcor, Security Services, Volegistics Metal, Phoenix Brothers, P. of London and International Trust, David Dixon, G. M. Firth (Metals), Gold Fields Properties, Hume Holdings, Kumtung Exploration, New Zealand Gold Exploration, Southern Kicks Consol-

of operation in Los Angeles. The chairman explains that this loss is not allowable against UK profits for tax purposes and accordingly the net profit of £106,310 (£573,084) has been disproportionately reduced by an abnormally high tax charge of £175,985 (£570,431).

Earnings per 25p share are given as 1.2p (6.6p). There is an exchange gain this time of £4,888.

Commenting on the results, Mr. Lewis said all equity areas had been difficult in the last three months.

One factor affecting margins on the international side had been the drop in the effective dollar premium, which hit sterling profits. Conditions in gold share dealing had also become more competitive.

"We are still hoping that changes in Stock Exchange rules regarding internationals securities currently being discussed will help us in the long run," he concluded.

FUTURE DATES

Interim:

Alcan Aluminium (UK) ... Aug. 17

Bentford Concrete ... Aug. 17

Broadstone Investment Trust ... Aug. 17

British Gas ... Aug. 23

Hill and Smith ... Aug. 23

Stanley (A. G.) ... Aug. 14

Final:

Assam Instrument ... Aug. 21

Davidson ... Aug. 15

Dixons ... Aug. 9

English and Scottish Investors ... Aug. 16

Gold Fields ... Aug. 16

Hume Holdings ... Aug. 16

Kumtung Exploration ... Aug. 16

New Zealand Gold Exploration ... Aug. 16

Securcor ... Aug. 13

Volegistics Metal ... Aug. 16

Phoenix Brothers ... Aug. 16

P. of London and International Trust ... Aug. 16

Southern Kicks Consol ... Aug. 16

Initial:

Alcan Aluminium (UK) ... Aug. 17

Bentford Concrete ... Aug. 17

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Gold Fields ... Aug. 16

JPOL

August 8, 1979

West LB lower in first half

BY JONATHAN CARR IN BONN

ONE OF West Germany's leading banks, Westdeutsche Landesbank (West LB), reports operating profits down in the first half—year—the result of reduced margins which could not be wholly counteracted by the growth in business volume.

Profits from interest business and commissions, together totalled DM545m (\$297m) in the six months to June 30, a fall of 5.5 per cent on the result for the first half of 1978. With personnel and other expenses rising by more than nine per cent to DM340m, the bank's operating profit totalled DM205m, nearly 23 per cent down on the figure for last year.

The balance sheet total rose to DM36.9bn, an increase of just 1 per cent on the figure at the end of December and of 13 per cent against that of June 1978.

Despite the economic upswing in West Germany, the big industrial companies who form a key section of West LB's customers

did not markedly increase their demand for credit for investment. They appeared to be able to finance their needs either from their own resources or through cheaper credit from abroad.

Zahnradfabrik Friedrichshafen, the West German ball-bearing and machinery maker, expects turnover of the parent company to top DM260m (\$139m) in 1979, up from DM182m in 1978. Group turnover should improve to DM2.2bn from DM1.95bn.

Bank orders to the parent company totalled DM1.85bn at the end of June and were up 8.9 per cent from the year ago period. For the group, new orders were up 7.8 per cent at midyear to DM1.38bn. Group order book growth was slower than the parent's because back orders for ZF's subsidiary in Brazil were 5.6 per cent lower.

The company expects to invest DM800m in the three years 1977 to 1979.

Static result from Dutch copier group

BY OUR FINANCIAL STAFF

STATIC performance by Oceaan der Grinten during the first six months of this year reverses the recent trend of profits at the Dutch copier group.

After tax, earnings rose by just 4 per cent to Fl 19.3m (US\$9.65m) in the half year, during the five years to 1978, net profit at Oce almost doubled at Fl 41.3m.

Sales for the six months were barely changed at Fl 625.6m against Fl 620.1m, whereas in previous years Oce's turnover, fuelled by acquisitions, has been rising very sharply. In 1977 the group purchased the UK company Ozalid.

Cash flow for the latest reporting period was Fl 58.5m or Fl 31.3 a share, while net profits

at the per share level emerge at Fl 10.7 compared to Fl 10.4.

Charles Batchelor writes from Amsterdam: Banco Exterior de Espana, the third Spanish bank to start operations in the Netherlands, has opened an office in Rotterdam. The bank, which has its headquarters in Madrid, will trade as Banco Espanol en Hollandia.

Its main activities will be the encouragement of trade between the two countries and catering for the needs of large numbers of Spanish workers in the Netherlands. It has assets of Fl 10m in the Netherlands.

Earlier this year Banco de Vizcaya opened a branch in Amsterdam, joining Banco de Jerez, which has been established for some time.

Go-ahead for BNP deal

SEN JOSE—Banwest Corporation has formally ratified the agreement for the California unit of Banque Nationale de Paris to acquire the Banwest subsidiary, Bank of the West. The deal involves about \$225m under the agreement, Bank of the West will merge with French Bank of California, and the combined entity will operate as Bank of the West.

The merger is subject to

various conditions and to approval by Banwest shareholders and the appropriate regulatory authorities, including the Federal Deposit Insurance Corporation and the California State Superintendent of Banks.

At June 30, Bank of the West had total assets of \$570m, deposits of \$301m and 37 branches in three San Francisco Bay-area counties.

The merger is subject to

AP-DO

Moratorium on HK bank licence issues

By Philip Bowring in Hong Kong

THE HONG KONG Government has put a temporary suspension on the granting of new banking licences to foreign banks. The measure will last for at least six months, during which time the Government will review "the criteria to be applied to future applications." Applications which have already been lodged with the government will not be affected by the new restriction.

The moratorium follows the rash of new bank licences, now totalling 41, which have been issued since the Government early last year announced the ending of a virtual ban on new licences which had existed for 12 years. At that time the Government said that licences would be issued to banks which met three basic requirements:

- Assets of at least US\$3bn;
- Effective supervision in their home countries;
- A measure of reciprocity for Hong Kong banks in their home countries.

Most of the 41 which have successfully applied were already established in Hong Kong, either through locally incorporated deposit taking companies, or through representative offices. However, it seems that the number of potential applicants has been greater than originally envisaged, partly because rapid growth of banking assets has brought more banks into the \$3bn league.

The 41 thus far licensed have been added to the 74 banks operating here prior to the licence liberalisation. The 41 come from 12 different countries, bringing to 20 the number of countries with bank branches in Hong Kong.

One benefit that the Government may like to see from the new suspension is a slowing in the growth of bank advances. The increase in the number of licensed banks wanting to maintain a local portfolio of sufficient size to justify their Hong Kong operations is thought to have been one factor behind the 40 per cent plus rate of growth in bank advances which has been going on here for the past 18 months.

However, any impact on lending may be slow to take effect because 12 of the newly licensed banks have yet to start operation. Most affected by the suspension could be Japanese banks. Because of the slow pace of Japanese Finance Ministry approval for new overseas branches for Japanese banks, they have not yet established the presence here that they would like, and which their size merit.

Ampol revealed as mystery buyer of Ansett shares

BY JAMES FORTH IN SYDNEY

THE APPARENT struggle for control of the airline and television group, Ansett Transport continued on Australian stock exchanges yesterday and Ampol Petroleum was revealed as Monday's unnamed buyer.

After a day of heavy trading on the Melbourne, Perth, and Sydney exchanges, in which almost 2.8m Ansett shares, or 3.5 per cent of the capital, changed hands, the Western Australian company, Bell Group announced that it had doubled its stake in Ansett.

Bell increased its holding from 3.8m shares to 7.7m, or 10 per cent of the Ansett capital. Bell group indicated that it was interested in lifting the Ansett interest to 20 per cent following the sudden entry of another buyer on Monday. The managing director of Ampol, Mr. A. E. Harris admitted that his com-

pany had purchased 2 per cent of Ansett's capital and that the company had also bought off-market. He declined to reveal the size of Ampol's holding in Ansett but said that the company was interested in acquiring further shares.

However, Mr. Harris said that Ampol was not engaged in a race to obtain Ansett shares, and that additional purchases would be made "prudently and intelligently." Bell Group picked up virtually all the shares traded yesterday and was also buying off-market. The price of Ansett shares, which stood at AS1.40 last Friday, before the latest flurry began, moved up a further 4 cents to AS1.62 at the close, valuing Ansett at more than AS120m.

Ampol returned as a buyer after the close of trading and purchased additional Ansett shares at AS1.66. The other

major shareholder, the international transport group, Thomas Nationwide Transport has not bought any Ansett shares for the past month. TNT made a takeover bid for Ansett in 1972, but intervention by the Victorian State Government foiled the attempt.

TNT, which ended up with 23 per cent of the capital, subsequently entered into an agreement with Ansett limiting its voting rights to 10 per cent of the capital. In recent months, it reduced its stake to 13.9 per cent—but changed its mind and made relatively small purchases to lift its stake to almost 15 per cent.

The disclosure that Bell Group holds 10 per cent of Ansett may result in renewed buying by TNT, as the voting restriction ceases to apply once another party acquires 10 per cent.

Trust Bank plan to raise R15m

BY JIM JONES IN JOHANNESBURG

TRUST BANK, South Africa's fifth largest bank, is planning to raise R15m (\$17.6m) through the issue of ordinary and 11.5 per cent cumulatively convertible preference shares. The bank is increasing its capital base, it says, to comply with statutory capital requirements for expanded business. Since 1977 when the bank was bailed out by the insurance group, Sanlam, all profits have been ploughed back to re-build the capital base.

Trust Bank's new management has effected a rationalisation of the group's heavy property exposure and concentrated in increasingly on conventional banking activities. Shareholders have been warned that no ordinary dividends are likely until the mid-80s.

At its last published balance sheet date (June 30, 1978), Trust Bank had a share capital of R7.05m ordinary shares of 50 cents each, 25m 11.5 per cent cumulative convertible preference shares of R1, and disclosed reserves of R17.1m. Results for the year to June 30, 1979, have yet to be published.

But in the six months to December 31, disclosed taxed

profit of R1.5m was largely absorbed by interest payments on the preference shares. With the bank operating only on partial earnings disclosure, there is no way of telling what real profit retentions have been in the past 12 months.

Sanlam controls Trust Bank through its 50.3 per cent-owned subsidiary, Bankorp, which in turn owns 60 per cent of Trust's equity. Bankorp is itself planning an issue of R16m cumulative convertible preference shares. This is earmarked for following its rights under the Trust Bank issue.

New bid for Kadoorie companies

BY OUR HONG KONG CORRESPONDENT

HIGHLANDS and Lowlands Berhad, the large Malaysian plantation group is making a second attempt to acquire three interlinked, Hong Kong quoted Malaysian estate companies, Rubber Trust, Amalgamated Rubber and Shanghai Kelantan Estates. Highlands first made an approach last November but was rebuffed by the boards of the three companies, which are part of the Hong Kong-based Kadoorie group.

The offer is HK\$7.75 in cash for each share in Rubber Trust, against HK\$4.45 previously; HK\$5.10 for Amalgamated against HK\$3.10; and HK\$11.90 for Shanghai Kelantan against HK\$7.40. In rejecting the original offer, the boards had said

that according to an up to date valuation by the valuers, Khong and Jaafar, net asset values were respectively HK\$8.23, HK\$5.22 and HK\$10.89.

The latest offer is above the purely agricultural use valuation given by Khong and Jaafar and it seems likely that the board this time will have to recommend acceptance. However it is possible it will try to squeeze a higher price out, given the fall in the Hong Kong dollar against the Malaysian dollar, and the rise in the rubber price to around 2.90 ringgit a kilogramme, from 2.25 ringgit last December.

Highlands, on the other hand, will argue that its offer is a generous one, valuing the

Kadoorie group estates, which total 32,300 acres, at 4,357 ringgit (US\$2,000) per acre. They are mostly of mature rubber.

The bid prices values the Kadoorie companies after excluding cross shareholdings, at HK\$33.6m (US\$16.5m). After-tax profits in 1978 were HK\$10.8m, after deducting inter-company dividends. Altogether, the Highlands offer price values the three at 31.6 times last year's earnings. Highlands currently has 10 per cent of the Kadoorie companies, acquired in the market at the time of its last approach.

Kadoorie identifiable holdings are not less than 15 per cent and the Kadoorie group has board control.

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June 1979



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هذا من الأجل

Financial Times Wednesday August 8 1979

CURRENCIES, MONEY and GOLD

Pound falls

STERLING — CONTINUED to go ground in currency markets yesterday in predominantly thin trading. This came despite figures that expected UK budget figures, a factor that was largely welcomed by the market, but one which failed to halt the recent rash of profit-taking and nervousness surrounding sterling. Against the dollar it opened at \$2.2465-2.2476 and fell quite quickly to \$2.2525 after intervention by the Bank of England helped push up the rate to \$2.2425 by noon.

In the afternoon trading became very patchy and erratic with sterling moving 50 points either way both times. Towards the close, the pound fell to a low of \$2.2080 in very thin conditions but jumped a full cent buying interest from New York to find at \$2.2170-2.2190, fall of 2.1c from Monday. The pound was also weak against European currencies and ended at DM 1.6580 from M 4.0975 against the D-mark and FF 1.4225 from FF 1.4225. In terms of the French franc, the pound's eight-day index fell to 70.6, its new level since July 10, and fell again from Monday's peak of 71.5.

The dollar traded mostly for most of the day and finished 10c around its best level against most currencies. Against the mark it closed at DM 1.8310, up 10c, with DM 1.8309 yesterday, and at FF 1.4555 from FF 1.4570. In terms of the yen it remained at ¥16.40, above Bank of England figures, as the dollar's trade-weighted index rose from 84.5 to 84.6. Within the European Monetary

System, the Danish krone was calculated as standing just outside the divergence limit against the ECU. The same divergence by the Danish Prime Minister that there may have to be a further tightening in the Danish economy, but a proposal to have been ruled out for the time being.

FRANKFURT — The dollar showed hardly any change at the fixing of DM 1.8310 against DM 1.8309 yesterday, and there was no intervention by the Bundesbank. Trading was at a very low level with no new factors to prompt any movement.

Sterling was fixed lower at DM 2.2080 in a continued reaction to its sharp rise over the last few months. The Danish krone continued to weaken and was fixed at DM 3.675, per DKK 100, just outside its maximum permitted divergence level of DM 3.645.

MILAN — The dollar rose against the lira after support by the Bank of Italy at the fixing. The U.S. unit was quoted at L181.95, an improvement from earlier levels but unchanged from Monday's fixing. Sterling continued to weaken to L183.70 from L1861.4, a fall of 2.9c per cent since July 24, when sterling touched a record level of L1889.25.

TOKYO — The dollar finished virtually unchanged yesterday at Y161.475 compared with Monday's close of Y161.45. Trading was described as very thin with little to affect market conditions. The day's spread was just Y218.50 to Y218.50, with position squaring by banks causing the only movement.

THE POUND SPOT AND FORWARD

| | Day's spread | Close | One month | % | Three months | % |
|-------------|---------------|---------------|----------------|------|----------------|-------|
| Aug. 7 | 2.2080-2.2075 | 2.2170-2.2180 | 2.23-2.23c pm | 3.68 | 1.78-1.88 pm | 3.12 |
| Canada | 2.5305-2.5265 | 2.5200-2.5220 | 3.75-3.85c pm | 3.22 | 1.85-1.75 pm | 3.17 |
| Netherlands | 4.644-5.1 | 4.45-4.45c | 21-21c pm | 5.38 | 6.1-5.1 pm | 5.17 |
| Belgium | 64.75-65 | 64.80-64.90 | 18-18c pm | 2.04 | 45-45c pm | 2.47 |
| Denmark | 11.68-11.75 | 11.70-11.71 | 10c pm-10c dis | 1.94 | 10c pm-10c dis | 1.28 |
| Austria | 10.8-10.9 | 10.80-10.90 | 20c pm-dis | 2.07 | 10c pm-dis | 3.34 |
| Portugal | 108.70-10.80 | 108.80-10.90 | 40-40c dis | 2.29 | 20c pm-dis | 2.34 |
| Spain | 148.40-148.30 | 148.50-148.60 | 15-15c dis | 1.72 | 110-120 dis | 5.87 |
| Norway | 1.817-1.833 | 1.817-1.818 | 2-2c lire pm | 0.89 | 2-2c lire pm | 0.66 |
| Iceland | 1.115-1.131 | 1.115-1.116 | 5-5c lire pm | 1.11 | 1.115-1.116 pm | 2.55 |
| France | 8.41-8.45 | 8.41-8.45c | 3.34-3.35c pm | 3.20 | 5.1-5.1 pm | 2.03 |
| Japan | 477-490 | 479-490c | 3.85-3.86y pm | 3.19 | 10.20-10.26 pm | 2.40 |
| Austria | 1.80-1.80 | 1.80-1.80 | 25-15c pm | 4.08 | 12.00-12.11 pm | 7.17 |
| Switzerland | 3.67-3.72 | 3.67-3.68 | 4-3c pm | 1.04 | 12.00-12.11 pm | 12.77 |

Bahrain is for convertible francs. Financial franc 67.40-67.50c pm. Settlement forward dollar 3.42-3.32c pm; 12-month 3.60-3.50c pm.

THE DOLLAR SPOT AND FORWARD

| | Day's spread | Close | One month | % | Three months | % |
|-------------|---------------|---------------|----------------|------|----------------|-------|
| U.K. | 2.2090-2.2075 | 2.2170-2.2180 | 2.23-2.23c pm | 3.68 | 1.78-1.88 pm | 3.12 |
| Canada | 2.5305-2.5265 | 2.5200-2.5220 | 3.75-3.85c pm | 3.22 | 1.85-1.75 pm | 3.17 |
| Netherlands | 4.644-5.1 | 4.45-4.45c | 21-21c pm | 5.38 | 6.1-5.1 pm | 5.17 |
| Belgium | 64.75-65 | 64.80-64.90 | 18-18c pm | 2.04 | 45-45c pm | 2.47 |
| Denmark | 11.68-11.75 | 11.70-11.71 | 10c pm-10c dis | 1.94 | 10c pm-10c dis | 1.28 |
| Austria | 10.8-10.9 | 10.80-10.90 | 20c pm-dis | 2.07 | 10c pm-dis | 3.34 |
| Portugal | 108.70-10.80 | 108.80-10.90 | 40-40c dis | 2.29 | 20c pm-dis | 2.34 |
| Spain | 148.40-148.30 | 148.50-148.60 | 15-15c dis | 1.72 | 110-120 dis | 5.87 |
| Norway | 1.817-1.833 | 1.817-1.818 | 2-2c lire pm | 0.89 | 2-2c lire pm | 0.66 |
| Iceland | 1.115-1.131 | 1.115-1.116 | 5-5c lire pm | 1.11 | 1.115-1.116 pm | 2.55 |
| France | 8.41-8.45 | 8.41-8.45c | 3.34-3.35c pm | 3.20 | 5.1-5.1 pm | 2.03 |
| Japan | 477-490 | 479-490c | 3.85-3.86y pm | 3.19 | 10.20-10.26 pm | 2.40 |
| Austria | 1.80-1.80 | 1.80-1.80 | 25-15c pm | 4.08 | 12.00-12.11 pm | 12.77 |
| Switzerland | 3.67-3.72 | 3.67-3.68 | 4-3c pm | 1.04 | 12.00-12.11 pm | 12.77 |

UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

| | Bank of England | Morgan Guaranty | Changes % | Special Drawing Rights | European Currency Unit |
|-----------------|-----------------|-----------------|-----------|------------------------|------------------------|
| Sterling | 70.5 | -34.6 | | 14 | 0.575264 0.6128762 |
| U.S. dollar | 84.6 | -8.5 | 10.3 | 10 | 0.301771 1.382622 |
| Canadian dollar | 80.5 | -17.4 | 11.5 | 11 | 1.381100 1.432310 |
| French franc | 10.5 | +0.5 | 0.5 | 10 | 0.304945 0.304945 |
| Belgian franc | 114.5 | +2.0 | 1.7 | 11 | 0.304536c 0.304536c |
| Danish krone | 113.7 | +2.4 | 2.1 | 12 | 0.304536c 0.304536c |
| Deutsche mark | 151.7 | +1.7 | 1.1 | 13 | 0.304536c 0.304536c |
| Swiss franc | 110.0 | +0.0 | 0.0 | 14 | 0.304536c 0.304536c |
| Guiding franc | 125.8 | +1.3 | 1.0 | 15 | 0.304536c 0.304536c |
| Lira | 99.2 | -7.1 | 7.2 | 16 | 0.304536c 0.304536c |
| Yen | 55.2 | -48.6 | 8.6 | 17 | 0.304536c 0.304536c |
| Ten. K | 55.2 | -30.6 | 5.5 | 18 | 0.304536c 0.304536c |
| Spanish Peseta | 51 | -282.501 | 529.061 | 19 | 0.304536c 0.304536c |
| Swedish Kr. | 7 | 5.81150 | 5.82321 | 20 | 0.304536c 0.304536c |
| Swiss Fr. | 1 | 2.15667 | 2.20156 | 21 | 0.304536c 0.304536c |

1 UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER MARKETS

| August 7 | E | S | £ | Note Rates |
|--------------------|---------------|---------------|---------------|---------------|
| Argentina Peso | 2057.507 | 1580.1590 | Austria | 291.50 |
| Brazil Cruzado | 89.0-89.5 | 86.50-87.05 | Belgium | 0.7970-0.8010 |
| Finland Markka | 5.85-5.84 | 5.8415-5.8435 | France | 1.170-1.185 |
| Greek Drachma | 1.00-1.05 | 0.90-0.95 | Germany | 4.00-4.10 |
| Hong Kong Dollar | 11.15-11.45 | 11.46-11.50 | Ireland | 1.800-1.850 |
| Iran Rial | 66.00-67.00 | 74.00-75.00 | Italy | 4.40-4.50 |
| Kuwait Dinar (KD) | 0.608-0.618 | 0.7375-0.7386 | Netherlands | 1.15-1.16 |
| Luxembourg Franc | 84.60-84.90 | 89.23-89.32 | Norway | 1.15-1.16 30 |
| Malaysian Ringgit | 4.79-4.80 | 5.1550-5.1560 | Portugal | 1.02-1.03 |
| New Zealand Dlr | 2.00-2.05 | 2.04-2.05 | Russia | 1.40-1.41 |
| Singapore Dollar | 4.763-4.763 | 5.1524-5.1544 | United States | 2.31-2.32 |
| South African Rand | 1.8625-1.8725 | 2.0400-2.0440 | Yugoslavia | 43.5-44.5 |

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

| | Central bank rates | % change from previous ECU | % change adjusted for divergence | Divergence limit % |
|--------------|--------------------|----------------------------|----------------------------------|--------------------|
| ECU | 40.4582 | +0.54 | +1.28 | ±1.00 |
| French franc | 12.1064 | +0.53 | +0.46 | ±1.25 |
| French franc | 5.87831 | +1.37 | +0.06 | ±1.35 |
| Irish Guine | 2.72077 | +1.39 | +0.81 | ±1.30 |
| Irish Guine | 0.82278 | +1.37 | +0.32 | ±1.25 |
| Irish Guine | 1.9 | | | |

Companies and Markets

WORLD STOCK MARKETS

Dow advances 9.8 in heavy dealings

INVESTMENT DOLLAR PREMIUM

\$2.60 to \$1.26% (341%)

Effective \$2.180—\$1.71% (71%)

WITH BLUE CHIP and glamour issues leading the way, Wall Street moved sharply and broadly higher in heavy early dealings yesterday.

The Dow Jones Industrial Average recorded an advance of 9.81 at \$535.26 at 1 pm, having

closed at \$535.26 at 1 pm, having

cash appeared willing to commit more of their funds to equities.

Volume leader IBM gained 1 to \$70 and General Motors \$1 to \$59, while among the actives, Boeing rose 11 to \$46 and Xerox 11 to \$66.

Du Pont moved ahead 11 to \$43, Grumman 14 to \$204, Mobil 11 to \$55, Motorola 11 to \$37, Raytheon 11 to \$56, General Electric 1 to \$52, Textron 8 to \$143, and Eastman Kodak 3 to \$55.

Digital Equipment reported improved fiscal fourth-quarter profits and put up 11 to \$57. Occidental Petroleum, which has agreed to sell a refinery in Antwerp to Coastal States Gas for more than \$25m, hardened 1 to \$23. Coastal were also up 11 to \$27. Delta Air Lines, with July traffic up 12 per cent, added 11 to \$43.

U.S. Steel slipped 1 to \$22, but Bethlehem Steel gained 1 to \$23. Both companies plan some layoffs as a result of slowing order rates.

THE AMERICAN SE Market Value Index moved up 0.55 to 199.74 at 1 pm on volume of 2,750 shares (1.90m).

They added that institutional investors, heavily laden with

moved on strong volume decisively through the \$50 mark, which has proved a resistance point in recent months. The NYSE All Common Index climbed .56 cents to \$60.01, while gains predominated over declines by a three-to-one ratio. Turnover was sharply expanded by 10.67m shares to 230.3m from the previous day's comparable 1 p.m. level.

Analysts said the recent stability of the dollar and hopes that the recession will ease upward pressure on interest rates were encouraging investors.

They added that institutional investors, heavily laden with

the recent improvement in

in Advance Energy, which has developed gasoline-saving technology.

Dynalectron picked up 1 to \$104 and Syntex 1 to \$39, while heavily-traded P and F industries added 11 to \$24.

Canada

Markets showed a tendency to improve yesterday morning in a flat business. The Toronto Composite Index gained 1.5 to 1,559 at noon, while Metals and Minerals hardened 2.5 to 1,036.8, but Golds retreated 2.67 to 1,746.7. In Montreal, Papers rose 1.25 to 176.3 and Banks 0.50 to 31.96, but Utilities shed 0.56 to 229.19.

Great West Life Assurance, on higher earnings, rose C\$2 to CS10.

Germany

With operators made nervous by continuing talk that the Bundesbank Central Council may move to reduce bank liquidity when it meets on Thursday, shares mainly relied on further ground in light trading. The Commerzbank index gave up 6.1 more to close at 757.1.

Operators reported buying in connection with the "Moorsy"

plan of last year which included tax rebates for owners of FF 5,000 worth of French equity. The amount has to be increased each year by FF 5,000 for four consecutive years.

Banks again sustained notable losses with Commerzbank declining DM 2.80, Dresden Bank DM 2.50 and Deutsche Bank DM 1.50.

Among Machine Manufacturers, Babcock fell DM 4.50, Linde DM 2 and KHD DM 2.50. BMW shed DM 2 in Motors, BASF DM 1.20 in Chemicals and Varta DM 8 in Electricals.

The recent upward trend on the Domestic Bond market was reversed, with Public Authority Loans easing up to 40 pfennigs.

The Bundesbank bought a nominal DM 7m of paper in open-market operations after sales of DM 23.4m on Monday. Mark-denominated Foreign Loans recorded losses ranging to 50 pfennigs.

Paris

Shares generally continued to advance in fairly active dealings, the Bourse Industrials index rising another 1.5 to a new high for the year of 39.5.

Operators reported buying in connection with the "Moorsy"

interest, but stock prices subsequently reacted to close mainly on the day. The Hang Seng Index lost 4.86 to 603.73.

Following a short period of consolidation last week, buyers in London apparently felt the Hong Kong market was due for another run, dealers commented.

Hong Kong Land and Hutchison Whampoa receded 20 cents each to HK\$39.40 and HK\$32.20 respectively, while Jardine Matheson retreated 40 cents to HK\$1.30, but Hong Kong Bank, HK\$13.60, and Swire Pacific A, HK\$32.20, both closed unchanged on balance.

Elf Aquitaine gained FF 3 to FF 865 after news that it has signed an oil exploration agreement with Morocco.

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Australia

Minings were inclined to gain further ground, with MIM advancing 7 cents to AS3.42, CRA 6 cents to AS3.48, Consolidated Goldfields 10 cents to AS3.84 and Metals Exploration 4 cents more to 72 cents. However, Western Mining, AS2.73, relinquished 5 cents of its recent good rise while Bougainville Copper reacted 8 cents to AS2.02.

EZ Industries rose 7 cents to AS3.58 and Pero-Walrose 8 cents to AS3.40 following the Federal Government's decision to sell its 50 per cent share in the Ranger uranium project.

Elsewhere, Ansett put on 4 cents to AS1.82 in a large turn-around amid speculation over the identity of a prospective buyer.

Comair improved 10 cents to AS4.00 on forecasts of strong growth for the local aluminium industry and ahead of its results.

Some Oils, on the other hand, retreated following news that the Bruce One exploration well offshore of Western Australia was plugged without hydrocarbons being found.

Johannesburg

Gold shares hardened in fairly quiet trading in line with higher Bullion prices.

Mining Financials were mixed in a thin trade. Diamond leader De Beers strengthened 10 cents to R8.40, while Platmines were firm for choice, but Colliers were marginally lower.

Industrials retained a slight bias to higher levels, with Abetec gaining 10 cents to R2.40.

Hong Kong

After Monday's holiday closure, the market opened on a firm note yesterday in reflection of overnight London buying in

High stock prices with a slight bias to higher levels, with Abetec gaining 10 cents to R2.40.

NOTES: Overseas prices shown below exclude all premium. Belgian dividends refer to end of year. Dividends are pending unless otherwise stated. \$ Price at time of issue. d Dividend after scrip issue, or where otherwise stated, yields based on net dividends paid ex. ** DM 50 denom. unless otherwise stated. # DM 100 denom. unless otherwise stated. * DM 100 denom. unless otherwise stated. + DM 100 denom. unless otherwise stated. & DM 100 denom. and Bearn shares unless otherwise stated. t 1,750 denom. unless otherwise stated. g Price at time of suspension. * Flonins x Schillings. t Interim dividend. ex. rights. ad Ex dividend. ex. scrip issue. ex. ex. interim dividend. increased.

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China has smaller rice crop

BY OUR COMMODITIES STAFF

PEKING — Foreign agricultural experts have believed China's early rice crop this year was 7 per cent lower than in 1978. But they expect the shortfall to be made up by an 8 per cent increase in the overall wheat harvest.

Early rice normally accounts for about 40 per cent of total production.

The decline in the harvest this year was due mainly to a switch from rice double-cropping in areas north of the Yangtze River which were hit by drought last year, to one crop of winter wheat or oil-bearing rape and a second crop of intermediate rice.

The experts said China appears to have reaped a better winter wheat crop while early indications are that the intermediate rice crop is coming along well.

However, there are suggestions that flooding might have reduced the early rice yield in some areas south of the Yangtze, while rain and cloudy weather could also affect the output of late rice.

The experts said recent typhoon damage in the south might have affected rice fields, Reuter

Sterling fall boosts commodities in London

BY OUR COMMODITIES STAFF

STERLING'S continued fall against the dollar brought rising prices in most London commodity markets yesterday. And, in Brussels, it was predicted that EEC subsidies on UK food imports may have to be reintroduced to equalise trade in the over-all wheat harvest.

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for November. Spot rubber was marked up by 1.5p to \$85.50 a kilo.

Defying the general trend was world sugar, where the London daily price was cut by £1 to £98 a tonne and futures closed marginally lower after their recent upsurge.

Meanwhile, Reuter reported from Brussels that the fall in the value of sterling may lead to the reintroduction of EEC subsidies on British food imports shortly.

A joint management committee meeting of the EEC Commission, hoping the gap will be small enough this week to avoid the mechanism for reappling the MCAs, or at least marginal enough to overlook it, the sources said.

But with the gap widening further yesterday this hope may already have been undermined.

British diplomatic sources said they would have to wait and see if the Commission does convene a committee meeting but if so their approach is expected to be flexible.

mission, which does not want to reimpose MCAs, for fear of disrupting farm trade, is "slightly alarmed" at this development. The MCAs on British food imports have only just been phased out.

They said the committee may propose a future date for the automatic reimposition of the MCAs but account would have to be taken of how sterling could perform in the coming months and also of prospects for the British economy.

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Lower EEC grain crop forecast

LUXEMBOURG—Initial estimates indicate an EEC cereals harvest of around 108m. 10.16m tonnes this year, compared with last year's 11.6m, the EEC statistics office, Eurostat, said here.

In its latest summary, it said the long winter and excessively wet ground in the spring reduced areas sown and present indications are that yields will be substantially lower than in 1978, Reuter reported.

Of this year's harvest, Eurostat expects wheat to account for 38 per cent, barley 35 per cent and grain and maize 16 per cent.

Eurostat said the West German cereals harvest is likely to be 23.7m tonnes, against 23.9m last year, but the average yield per hectare is likely to be at least 2 per cent lower than in 1978.

Provisional West German harvest estimates are 20m tonnes for wheat, 9.8m tonnes for barley, 8.9m and 3.8m tonnes for oats and mixed grains respectively.

Unofficial reports say the Danish cereals harvest should not be substantially different from last year and is forecast at 7.4m to 7.8m tonnes.

Initial, but incomplete, estimates for France put its cereals harvest this year at 29.4m tonnes against 30.6m last year.

With wheat 16.4m against 21.1m, barley 10.4m against 11.4m and oats and mixed grains 2.2m against 2.7m.

But total French production will be influenced by the grain/mazie harvest which could amount to between 10.3m and 11m tonnes.

Eurostat put the Italian 1979 winter wheat crop at between 5.9m and 6m tonnes (1978 5.7m) for soft wheat and between 3.8m and 3.5m (3.5m) for durum wheat.

Italian grain/mazie production should amount to 8.2m tonnes against 8.1m in 1978.

No production estimates were given for the Netherlands or Belgium but Eurostat expects a Luxembourg cereals harvest of about 185,000 tonnes compared with 185,000 last year.

The British cereals harvest is likely to amount to 16m tonnes against 17.1m in 1978, Eurostat said. Irish cereals were reported at the end of June as being partly affected by mildew and brown rust but they gave no estimate.

Earlier, the official radio in Iran quoted the Commerce Minister as saying the sources of imported wheat will be broadened to include other nations in addition to the U.S. in major end-users.

Farmland price surge continuing

By Our Commodities Staff

THE UPSURGE in UK agricultural land prices is continuing, according to figures released by the Ministry of Agriculture yesterday. This contrasts with preliminary figures published a month ago which appeared to indicate that the price rise had levelled.

An analysis of farmland sales, with vacant possession, during the three months ended June, 1979, puts the average price at a record £41.90 per hectare.

This figure is based on details of 346 sales covering 9,100 hectares collected by the Agricultural Advisory Service and the Agricultural Mortgage Corporation.

But it is only a provisional figure. Last month's survey, for the three months ending in May, originally put the average price at £3,860 a hectare. This has now been revised to £41.92.

Last month's land price index has also been revised to 214 (1973=100) from 214. This month the figure rose to 231.

The higher March-May average, reflecting the inclusion of sales covering an extra 1,800 hectares—bringing the total to 9,100 ha, would suggest that the fall registered in the February/April quarter was isolated.

A month ago the Ministry stated that the continued apparent fall indicated "that after a prolonged rise, the price of agricultural land has levelled off and may have fallen slightly since the beginning of the year."

At the time, Spanish inflation was running at 16 per cent a year. With the new and welcomed liberalisation of the unions and organised labour, strikes and wage disputes took their toll and wage costs rose 20 per cent. Then there were increased costs of packaging and transport—estimated to have added another 7 per cent to the costs of growers and exporters.

Mr Alfonso Sempero, managing director of Pascual Hermanos, the largest citrus exporter in Spain, points out that the general economic situation in Europe has an immediate effect on the purchase of citrus fruit. "If the price is too high in their terms, the consumer will either buy other fruit or nothing at all. Last year she bought samples which kept our prices well down. For most of the season we were selling at the below cost."

Spain also suffers under a 12 per cent duty on citrus entering the EEC compared with 8 per cent on Israeli fruit and only 4 per cent on one of their main rivals, Morocco. Spain

SPANISH AGRICULTURE

Desperate optimism in citrus industry

By A CORRESPONDENT

AFTER THE experience of last year, which proved to be one of the most disastrous seasons ever, Spanish citrus producers are looking forward with desperate optimism to this year's European citrus season starting in October. They believe it is the soft citrus—the satsumas and other easy peeling varieties—which may hold the key to a more profitable future for them.

The main citrus varieties, grapefruit, satsumas—and mandarins all provide the "root stock" for the development of other hybrids such as tangelos, a cross between a grapefruit and a tangerine; the kara, a hybrid of a satsuma and a mandarin; wilkins, a type of mandarin with few pips—and many others, all with special "peelability".

Mr Sempero believes that the European market will pay more for soft citrus in the future. At present Europe absorbs 800,000 tonnes of soft citrus in a year—800,000 tonnes comes from Spain with the balance from Morocco and Israel.

"We are the natural citrus region of Europe, supplying a good half of all its requirements. We can grow more soft citrus and Europe can certainly eat more," says Mr Sempero.

Total Spanish citrus exports to Europe were very similar to previous years at 1.6m tonnes over the 1978/79 season. But it was the price attained which proved disastrous for the growers.

Citrus accounts for 1.6m tonnes of exports every year, onions average 180,000 tonnes and other fruit and vegetables combined, 400,000 tonnes.

Though the virus tristeza which affected Spanish citrus groves six to seven years ago has been blamed for many of the growers' problems, Mr Sempero dismisses this and says that only 6 to 7 per cent of trees were affected.

To estimate the price of 3m tonnes per annum has been maintained despite the disease, but it is the balance between the traditional varieties of oranges and the new soft citrus which shows the way ahead for Spanish growers.

Despite last year's disaster and the punitive import duty, Spanish growers have agreed to put no more money into promoting their fruit throughout the EEC this year. They are hoping that although overall exports are up by at least 17 per cent, prices will repay their faith in their future as Europe's main citrus supplier.

The future is very definitely in the satsuma and soft citrus varieties—the "easy peelers".

Spain produced some 500,000 tonnes of soft citrus ten years ago—mainly mandarins, satsumas, clementines and 2.5m tonnes of oranges and lemons—the bulk being Valencia and the blossom set in Spain was good.

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LONDON STOCK EXCHANGE

Equities firm all day and end at best while Gilts rally to close with gains to $\frac{1}{2}$ after July banking figures

Account Dealing Dates
Option
 *First Declara- Last Account
 Dealings tions Dealings Day
 July 16 July 28 Aug. 6
 July 30 Aug. 9 Aug. 10 Aug. 20
 Aug. 12 Aug. 23 Aug. 24 Sept. 3
 Aug. 28 Sept. 6 Sept. 7 Sept. 11
 *New time dealings may take place from 9.30 am two business days earlier.

Encouraged by the recent firm undertone in the absence of sellers, buyers took leading shares a shade better yesterday in another small trade. British Funds were hesitant for most of the day with modest losses being sustained on nervousness ahead of the mid-July banking figures which, in the event, were sufficiently well received to confirm inflationary worries generated by Monday's wholesale price indices.

Cloudy gains in Funds moved to 1 and left the Government Securities index up 0.41 at 73.11.

Equities continued to shrug off recent dire warnings about the pressures working against manufacturers, with yesterday's further sharp reaction in sterling helping sentiment, and also ignored rumours of a further likely rise in OPEC prices. Around four points up for much of the day, the FT 30-share index moved further ahead after the official close and ended seven points up at 466.6.

Special situations were less evidenced than recently, and outstanding price movements stemmed from company news and announcements; these produced mixed showing, however, while the overall pattern was seen in the 3-to-1 ratio of rises over falls in all FT-quoted industrials.

Government Securities traded extremely quietly until the afternoon announcement of the banking figures which stimulated some useful buying, mainly at the short-end of the market. Final quotations in this area extended to 4 and occasionally 5. A shade easier at one stage, leadings improved showed by around 2 and with firms continuing into the late dealing with final quotations recording gains of 1, the recently issued £15 paid 120, Treasury 11 per cent, 2003-07, ended that amount higher at 143.

After opening higher at 241 per cent, the investment currency premium moved further ahead during the course of a fairly large two-way institutional business and closed 13 points up at 26 per cent. Yesterday's SE conversion factor was 0.930 (0.9275).

Although interest in Traded options was marginally higher than on Monday, 314 trades against 222, trade was again quiet. For the third successive session, Grand Metropolitan met with a fair level of demand, recording 78 deals. Other reasonably active issues included RTZ, 69, and Shell, 58.

Ins. Brokers firm

Insurance brokers took a distinct turn for the better helped by the firm trend of the dollar. Marks led the advance to 86 from 79, while G. T. Bowring, 115, and Willis Faber, 105, gained 5 pence. Stewart Wrightson put on 4 to 154 and C. E. Heath added 3 to 190.

Dull recently on the disappointing interim results, Grindlays rallied 5 to 250 following Press comment. Elsewhere in banks, Lloyds improved 3 to 140.

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Gausses wanted

Still drawing strength from favourable comment, Gausses "A" stood out in Stores with a rise of 14 to 145p. Marks and Spencer gained 3 to 115p as did W. H. Smith "A" to 180p, while Debenham's put on a similar amount to 88p following the announcement that the company is selling its Greens' photographic and hi-fi business to Dixons Photographic in a deal worth around £1.7m. Elsewhere, a resurgence of confidence buying on bid hopes lifted Peters 3 to a 1978 high of 72p, while Lipton's renewed investment demand promoted rises of 6 and 7 respectively in MFI Furniture, 74, and Sambro, 133. Home Charm advanced 4 to 110p and J. Hepworth 3 to 80p.

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Despite the increased interim profit and expansion plans, Horizon Travel held at 180p. On the other hand, fellow holiday concern Saga attracted buyers and put on 3 to 160p.

Motors remained quiet, although some selective buying was in progress. In Components, Jean Woodhead closed 4 up at 103p, while gains of around 2 were seen in Artilor, 103p, and Cadbury Schweppes 2 up to 55p. A. R. Foods firms 3 more to 86p, while gains of a couple of pence were marked against Northern, 114p, and United Biscuits, 81p. In Supermarkets, Associated Dairies were notable for a gain of 6 at 273p, while Kwik Save put on 4 to 123p and Tesco hardened a penny to 74p. Elsewhere, FMC added 4 to 88p in response to the satisfactory annual results.

Reckitt better

Miscellaneous Industrial leaders closed at the day's best helped by yesterday's late strength in gilts and the further reaction in sterling. Major exporters were especially buoyed by the latter and Reckitt and Colman touched 88p in immediate response to the improved quarterly profits before settling at 80p for a gain of only 6 pence on balance following the chairman's cautious remarks about second-half trade.

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A fair amount of interest was shown in Properties which took moderate gains a little further in late dealings. Land Securities, 266p, and MEPC, 186p, gained 5 pence, while Great Portland Estates improved 4 to 323p and Stock Conversion 8 to 366p. Capital and Counties hardened a penny to 86p on the news that Costain had increased its stake in the company to 9.2 per cent, but Bernard Stanley, a buoyant market of late on Eagle Star's bid approach, encountered profit-taking and eased 10 to 480p. Elsewhere, buyers came for Sloane Estates which advanced 5 to 114p, while Daemar put on 7 to 134p.

Oils edge higher

Oil shares maintained a quietly firm trend. British Petroleum fluctuated narrowly before closing 15 higher at 1,200p, while Shell firms a few pence further

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

International Financier

DAIWA
SECURITIESMINES—Continued
AUSTRALIAN

OILS

| 1979 | High | Low | Stock | Price | +/- | No. | Cw | Fw | Y4 | PE |
|------|------|-----|----------------------|-------|-----|-----|----|----|----|----|
| 14 | 9 | 8 | Acme | 12 | -2 | 0 | — | — | — | — |
| 15 | 10 | 9 | ACM Ac 20c | 11 | -2 | 0 | — | — | — | — |
| 16 | 11 | 10 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 17 | 12 | 11 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 18 | 13 | 12 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 19 | 15 | 14 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 20 | 16 | 15 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 21 | 17 | 16 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 22 | 18 | 17 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 23 | 19 | 18 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 24 | 20 | 19 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 25 | 21 | 20 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 26 | 22 | 21 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 27 | 23 | 22 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 28 | 24 | 23 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 29 | 25 | 24 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 30 | 26 | 25 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 31 | 27 | 26 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 32 | 28 | 27 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 33 | 29 | 28 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 34 | 30 | 29 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 35 | 31 | 30 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 36 | 32 | 31 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 37 | 33 | 32 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 38 | 34 | 33 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 39 | 35 | 34 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 40 | 36 | 35 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 41 | 37 | 36 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 42 | 38 | 37 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 43 | 39 | 38 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 44 | 40 | 39 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 45 | 41 | 40 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 46 | 42 | 41 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 47 | 43 | 42 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 48 | 44 | 43 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 49 | 45 | 44 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 50 | 46 | 45 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 51 | 47 | 46 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 52 | 48 | 47 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 53 | 49 | 48 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 54 | 50 | 49 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 55 | 51 | 50 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 56 | 52 | 51 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 57 | 53 | 52 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 58 | 54 | 53 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 59 | 55 | 54 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 60 | 56 | 55 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 61 | 57 | 56 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 62 | 58 | 57 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 63 | 59 | 58 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 64 | 60 | 59 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 65 | 61 | 60 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 66 | 62 | 61 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 67 | 63 | 62 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 68 | 64 | 63 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 69 | 65 | 64 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 70 | 66 | 65 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 71 | 67 | 66 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 72 | 68 | 67 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 73 | 69 | 68 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 74 | 70 | 69 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 75 | 71 | 70 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 76 | 72 | 71 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 77 | 73 | 72 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 78 | 74 | 73 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 79 | 75 | 74 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 80 | 76 | 75 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 81 | 77 | 76 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 82 | 78 | 77 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 83 | 79 | 78 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 84 | 80 | 79 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 85 | 81 | 80 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 86 | 82 | 81 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 87 | 83 | 82 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 88 | 84 | 83 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 89 | 85 | 84 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 90 | 86 | 85 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 91 | 87 | 86 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 92 | 88 | 87 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 93 | 89 | 88 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 94 | 90 | 89 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 95 | 91 | 90 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 96 | 92 | 91 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 97 | 93 | 92 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | — | — | — |
| 98 | 94 | 93 | Acme Borealis 50 Tim | 112 | -2 | 0 | — | | | |

Wednesday August 8 1979

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Black-out of ITV spreads

INDEPENDENT Television programmes were not broadcast in three regions yesterday because of the pay dispute involving electricians, technicians, and studio staff.

The companies affected were Thames, Ulster, and HTV. Other ITV regions are expected to be hit later in the week and yesterday all 15 commercial stations held talks at the Independent Television Companies' Association.

The Association of Cinematograph, Television and Allied Technicians is holding a national meeting of shop stewards today to decide on policy. The suspension of ACTT members is likely to lead to a strong demand for more industrial action.

Thames remained blacked out

yesterday because of a walk out by 150 members of the Electrical and Plumbing Trades Union and 700 members of the ACTT. This followed the refusal of Thames management to lift the suspension of six electricians and six technicians. Members of the National Association of Theatrical, Television and Kin Employees at Thames are working normally.

HTV, which broadcasts in Wales and the West of England, closed down yesterday evening. HTV has suspended members of all three unions and intends to remain closed until a national solution has been found.

Southern Television remained off the air from 6 pm on Monday evening to 7 pm last night. This followed the suspension of three electricians for refusing to carry out normal overtime work

on Monday. The other electricians and technicians were also suspended for not carrying out normal work. NATTE members in Southern are still working. The company held local talks yesterday with the unions which resulted in the return to work by ACTT members.

Ulster TV said yesterday it would close down until the company had obtained union assurances about a return to normal working. Nearly 100 staff have been suspended.

Mr. Jack O'Connor, ACTT's national ITT officer, said yesterday there had been no contact between ITCA and his union and no talks were planned. ACTT is ready to call in the Advisory, Arbitration and Conciliation Service to examine its

basic wage levels at Thames. One of the highest payers are: ACTT—£7,000 to £17,000; Electricians—£8,000 to £10,000; NATTE—£5,000 upwards.

Carter to see Israeli ambassador

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Jimmy Carter has intervened in an effort to halt the deterioration in U.S.-Israeli relations over Palestinian autonomy that is threatening negotiations on the West Bank.

He is to meet Mr. Ephraim Ervin, Israeli Ambassador to the U.S. at the White House today and has directed Mr. Robert Strauss, his now troublesome troubleshooter on the autonomy talks, to be prepared to go to the Middle East in the next two weeks.

Vice-President Walter Mondale has been guarding the President's domestic front by assuring Jewish-American leaders of continued U.S. support for Israel.

Officials say, however, that the Administration is still willing to co-operate with Egyptian and Arab in the United Nations to extend security council reso-

lution 342 further to include a general recognition of Palestinian rights.

Calls for a separate Palestinian state, as in a Kuwait-sponsored resolution, would bring a U.S. veto, Mr. Cyrus Vance, Secretary of State, told a Democratic senator yesterday.

At this week's tripartite autonomy talks in Haifa, Mr. Josef Burg, the Israeli Interior Minister, declared that Resolution 342 was the basis of his country's peace treaty with Egypt and that any tampering with it might call the whole treaty into question.

The White House said yesterday that the U.S. would not countenance any change in the substance of Resolution 342, which recognises Israel's right to exist, but observed that President Carter had as long ago as his meeting with President Anwar Sadat of Egypt in Aswan in late 1977 indicated

that the UN resolution did not go far enough to accommodate legitimate Palestinian needs.

The issue, Washington recognises, is political dynamic in Israel. The Administration's official position is that the U.S. will not recognise or negotiate in any way with the Palestine Liberation Organisation until the PLO accepts the substance of 342, has been reiterated in recent days.

The possibility that the PLO might be willing to accept 342 is no longer totally discounted by some Administration officials, particularly those who feel that the autonomy talks are doomed unless leading West Bank Palestinians are involved.

Mr. Strauss, whose wife recently visited a Palestinian refugee camp in Jordan, is reported to have heard a few favourable hints from Arabs on the West Bank early last month. The U.S. hand is partly being

forced by the UN Security Council debate on the Palestinians, which adjourned a couple of weeks ago and is to resume on August 23.

Even those in the Administration, believed to include Mr. Zbigniew Brzezinski, the National Security Adviser, who feel that the autonomy talks cannot be rushed, also fear the adverse Arab reaction that would follow a U.S. veto of a resolution supporting the Palestinians.

The White House has denied that Saudi Arabia demanded a U.S. shift in position on the Palestinian issue in return for Saudi Arabia's increasing its oil production last month by 1m barrels a day.

Some observers here, however, regard the Saudi views on the autonomy talks as so well known that such a quid pro quo did not have to be explicitly stated.

Dayan attacks U.S. Page 3

PO may borrow £50m more

By John Lloyd

THE POST OFFICE has borrowed about £20m on the short term money markets in the past two weeks and may borrow a further £50m this week.

The borrowings are to cover growing loss of revenue due to industrial action by workers handling computerised telephone bills.

The Post Office members of the Society of Civil and Public Servants who have taken industrial action since April, voted on Monday to reject the corporation's latest pay offer worth around 20 per cent. SCPS negotiators are scheduled to meet Post Office officials today to resume talks.

The society's decision comes at a time when the reserves of the postal business, from which the telecommunications business has been borrowing to cover its loss of revenue, were near exhaustion. Posts is thought to have lent around £230m to telecommunications so far.

The £20m already borrowed was in two sums — £15m last week and £5m on Monday — both of which were repaid the next day.

The £50m borrowing planned for this week would be likely to satisfy the cash needs of telecommunications until next week. Then postal reserves are expected to be replenished, and can be called on once more.

The corporation has a £235m borrowing right, recently extended from £75m, under which it can either borrow from the Bank of England or on the open market.

So far, its borrowings have been well within the original £75m limit, but it is expected to require the extra limit within the next three weeks.

The civil servants' strike has cost the corporation £600m in next revenue and between £80m and £90m in profit.

The Post Office believes it will be early next year before telephone billing returns to normal.

OPEC to take fresh look at ways of breaking from dollar

BY RAY DAPTER, ENERGY EDITOR

MINISTERS from major oil-producing countries are to take a fresh look at ways of breaking away from the dollar as the basis for crude oil pricing.

Finance ministers from nations in the Organisation of Petroleum Exporting Countries plan to discuss again the possibility of linking oil payments to a basket of currencies when they meet early next month.

They remain concerned about the effects of the dollar's decline on their oil revenues. Since early June the dollar has fallen by some 2.75 per cent on the trade-weighted index of its value against a basket of other currencies as calculated by the Bank of England.

However, the decline has been 0.75 per cent since the last OPEC price-fixing meeting at the end of June.

There has been concern within the oil industry that, because of the dollar's decline, OPEC oil ministers would hold an extraordinary price-fixing meeting next month. But an organisation official in Vienna said yesterday that there was

no immediate plan for such a special meeting.

Even so, the price of oil will almost certainly be discussed when the finance ministers meet.

In Tehran yesterday, Mr. Cyrus Ibrahimzadeh, Iran's deputy finance minister, said that the meeting would concentrate mainly on the problem of the dollar. So far this year the devaluation had halved the value of OPEC oil revenues by 6 to 10 per cent.

Mr. Ibrahimzadeh commented that most OPEC members favoured linking oil payments to a basket of currencies, such as the Swiss franc, sterling and the yen.

Such a suggestion has been made at previous finance ministers' meeting. But it has always been argued that such a move could further weaken the dollar and affect the value of the oil producers' assets in the U.S.

Mr. Ibrahimzadeh said: "As long as there is no reduction in oil imports, the U.S. is going to go on having problems with the dollar. This means a loss of income for us and we want

some sort of security if the dollar goes on going downhill."

At its next price-fixing meeting — if not in September then certainly in December — OPEC will seek price rises to compensate producers for the dollar's decline and the impact of world inflation. Member states have emphasised their intention of continuing to raise prices in real terms in a point where crude oil has the value of alternative energy sources.

OPEC's ability to sustain such increases will largely be influenced by the supply and demand balance. There is cautious optimism in the oil industry that worldwide crude oil supplies could return from a shortage to a balanced position this year.

OPEC production ran at an average of 30.9m barrels a day in the second quarter, up 1.6m b/d from the first three months of the year.

The International Energy Agency has forecast that, with certain optimistic assumptions, OPEC's output needs to average just 30.3m b/d this year to eliminate the world oil shortfall.

Citroen in talks with Soviets

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Peugeot-Citroen car group is competing with Volkswagen of West Germany to secure a major role in the modernisation of the Soviet car industry.

Its Citroen subsidiary said yesterday that it was holding talks with the Soviet Union aimed at concluding licensing and technical co-operation agreements. The statement followed Monday's announcement from Bonn that Volkswagen was involved in similar negotiations with the Soviets and with Czechoslovakia.

Citroen emphasised, however, that the talks had already been going on for two years and there were no indications that they were near a conclusion.

The Citroen talks began following the signature of a scientific and technical co-operation

protocol between France and the Soviet Union in December, 1977.

Though the company was prepared to give little detail about the negotiations, it said that they dealt mainly with Citroen's participation in the modernisation of the Moskvitch factories near Moscow and at Ussinsk.

Other questions being discussed were the possible sale of a Citroen licence for the construction of a new Moskvitch model and its marketing in both Eastern Europe and Western countries.

The Peugeot-Citroen group is already involved in several other projects in Eastern Europe. Under an agreement signed in December, 1976, Citroen has invested FFr 2.6bn (about £270m) in a factory in Romania, with an annual

capacity of 130,000 cars and 150,000 engines.

The Romanian company Oltcit will produce an entirely new model at the factory under Citroen licence and the French company has undertaken to buy half the factory's output. The first cars are due to roll off the assembly lines at the beginning of 1980.

Citroen also signed a FFr 1.6bn contract with East Germany last year, under which it is building a factory making parts for front-wheel drive cars, a specific proportion of which will be bought by France. The company is currently engaged in talks with the East Germans, together with other European vehicle groups, such as Volvo of Sweden, aimed at modernising the East German commercial vehicle industry.

Engineers' employers told to be firm

By Nick Garnett, Labour Staff Writer

THE ITV dispute has escalated since Friday when the electricians and NATTE members in Southern are still working. The company held local talks yesterday with the unions which resulted in the return to work by ACTT members at 25 to 30 per cent.

The tougher approach of the companies is based on a fear

their recently booming advertising revenues will fall sharply next year as the recession begins to bite. ITV companies have traditionally bought off trouble.

Basic wage levels at Thames,

one of the highest payers, are:

ACTT—£7,000 to £17,000; Electricians—£8,000 to £10,000; NATTE—£5,000 upwards.

Continued from Page 1

Money supply

value added tax rise boom.

This may, however, understate the continued buoyancy of lending, especially as there was a rise of £180m in acceptable credit finance.

The authorities think there may have been a substantial rise in bank lending, though smaller than earlier in the summer.

They will not be willing to consider a reduction in Minimum Lending Rates from its present 14 per cent until there is clear evidence of an easing of demand for credit and until the Budget measures cut public borrowings.

The new figures show that the

clearing banks as a whole have moved slightly further above the corset's penalty-free ceiling — by £89m compared with £7m previously. The numbers of identity of the banks have not been disclosed.

The Bank of England figures show that for the first time the banking system as a whole is above the permitted limits. But after adjusting for Northern Ireland and very small banks, the system as a whole is still fractionally below the ceiling.

The controls are nonetheless biting tightly and affecting the banks' behaviour.

to enable private motorists legally to share their cars with others. At the moment owners are — legally — permitted to

advertise car sharing schemes only on noticeboards in clubs, churches, voluntary organisations and places of work.

Under Mr. Fowler's proposals, the owners will have complete freedom to advertise their cars as a means of transport to work, but they will be allowed only to recover their costs.

The proposals on changing arrangements for bus licensing were "the first serious attempt for 50 years to reshape the

system in ways designed to benefit the passenger," he said.

In an attempt to head off criticism of his proposals to remove some of the powers of the Traffic Commissioners to grant licences for bus operation, he stressed that current safety standards would apply to all would-be operators.

Public service vehicle driving licences would still be required, vehicle construction standards would be maintained and there would be standards ensuring the "fitness, competence and financial standing of the operator."

THE LEX COLUMN

Banks play the numbers game

Index rose 7.0 to 4,66.5

